DEERE JOHN CAPITAL CORP

FORM 10-K
(Annual Report)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2012

Commission file number 1-6458

JOHN DEERE CAPITAL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware (State of incorporation)		**36-2386361** (IRS Employer Identification No.)
1 East First Street, Suite 600 **Reno, Nevada** (Address of principal executive offices)	**89501** (Zip Code)	**(775) 786-5527** (Telephone number)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Name of each exchange on which registered
5.10% Global Debentures Due 2013	New York Stock Exchange
2.75% Senior Notes Due 2022	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒ (Do not check if smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes ☐ No ☒

At November 30, 2012, 2,500 shares of common stock, without par value, of the registrant were outstanding, all of which were owned by John Deere Financial Services, Inc.

The registrant meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and is therefore filing this Form with certain reduced disclosures as permitted by Instruction I(2).

PART I

Item 1 . Business .

The Company

John Deere Capital Corporation and its subsidiaries (Capital Corporation), and its other consolidated entities are collectively called the Company. John Deere Financial Services, Inc. (JDFS), a wholly-owned finance holding subsidiary of Deere & Company, owns all of the outstanding common stock of John Deere Capital Corporation. See “Relationships of the Company with John Deere” for additional information regarding agreements between the Company and Deere & Company. The Company conducts business in Australia, New Zealand, the United States (U.S.), and in several countries in Asia, Europe and Latin America.

The Company provides and administers financing for retail purchases of new equipment manufactured by John Deere’s agriculture and turf and construction and forestry divisions and used equipment taken in trade for this equipment. The Company generally purchases retail installment sales and loan contracts (retail notes) from Deere & Company and its wholly-owned subsidiaries (collectively called John Deere). John Deere generally acquires these retail notes through John Deere retail dealers. The Company also purchases and finances a limited amount of non-Deere retail notes and continues to service a small portfolio of other retail notes. In addition, the Company leases John Deere equipment and a limited amount of non-Deere equipment to retail customers (financing and operating leases). The Company also finances and services revolving charge accounts, in most cases acquired from and offered through merchants in the agriculture and turf and construction and forestry markets (revolving charge accounts). The Company also provides wholesale financing for inventories of John Deere agriculture and turf and construction and forestry equipment owned by dealers of those products (wholesale receivables). Further, the Company finances and services operating loans (operating loans). The Company also offers credit enhanced international export financing to select customers and dealers which generally involves John Deere products. Retail notes, financing leases, revolving charge accounts, wholesale receivables and operating loans are collectively called “Receivables.” Receivables and equipment on operating leases are collectively called “Receivables and Leases.”

The Capital Corporation was incorporated under the laws of Delaware and commenced operations in 1958. At November 30, 2012, the Company had 1,514 full-time and part-time employees.

Business of John Deere

John Deere’s operations are categorized into three major business segments:

The *agriculture and turf* segment primarily manufactures and distributes a full line of agriculture and turf equipment and related service parts — including large, medium and utility tractors; loaders; combines, corn pickers, cotton and sugarcane harvesters and related front-end equipment and sugarcane loaders; tillage, seeding and application equipment, including sprayers, nutrient management and soil preparation machinery; hay and forage equipment, including self-propelled forage harvesters and attachments, balers and mowers; turf and utility equipment, including riding lawn equipment and walk-behind mowers, golf course equipment, utility vehicles, and commercial mowing equipment, along with a broad line of associated implements; integrated agricultural management systems technology; precision agricultural irrigation equipment and supplies; landscape and nursery products; and other outdoor power products.

The *construction and forestry* segment primarily manufactures and distributes a broad range of machines and service parts used in construction, earthmoving, material handling and timber harvesting — including backhoe loaders; crawler dozers and loaders; four-wheel-drive loaders; excavators; motor graders; articulated dump trucks; landscape loaders; skid-steer loaders; and log skidders, feller bunchers, log loaders, log forwarders, log harvesters and related attachments.

John Deere's worldwide agriculture and turf and construction and forestry operations are sometimes referred to as the Equipment Operations. The products and services produced by the segments above are marketed primarily through independent retail dealer networks and major retail outlets.

The *financial services* segment includes the operations of the Company (described herein), and additional operations in the U.S., Canada, Brazil, Finland, China, India, Russia and Thailand. The segment primarily finances sales and leases by John Deere dealers of new and used agriculture and turf equipment and construction and forestry equipment. In addition, it provides wholesale financing to dealers of the foregoing equipment, finances retail revolving charge accounts and operating loans and offers crop risk mitigation products and extended equipment warranties.

Worldwide net income attributable to Deere & Company in 2012 was $3,065 million, or $7.63 per share diluted ($7.72 basic), compared with $2,800 million, or $6.63 per share diluted ($6.71 basic), in 2011.

John Deere's net sales and revenues increased 13 percent to $36,157 million in 2012, compared with $32,013 million in 2011. Net sales of the Equipment Operations increased 14 percent in 2012 to $33,501 million from $29,466 million last year. The sales increase included improved price realization of 4 percent and an unfavorable foreign currency translation effect of 3 percent. Net sales in the U.S. and Canada increased 20 percent in 2012. Net sales outside the U.S. and Canada increased by 5 percent in 2012, which included an unfavorable effect of 6 percent for foreign currency translation.

The agriculture and turf segment had net sales of $27,123 million in 2012, compared with $24,094 million in 2011. The construction and forestry segment had net sales of $6,378 million in 2012, compared with $5,372 million in 2011. The financial services segment had revenues of $2,235 million in 2012, compared with $2,163 million in 2011.

Outlook for John Deere

Deere & Company's equipment sales are projected to increase about 5 percent for fiscal year 2013 and about 10 percent for the first quarter, compared with the same periods of 2012. For fiscal year 2013, net income attributable to Deere & Company is anticipated to be approximately $3.2 billion.

Agriculture and Turf. Worldwide sales of Deere & Company's agriculture and turf equipment are forecast to increase by about 4 percent for fiscal year 2013. Relatively high commodity prices and strong farm incomes are expected to continue supporting a favorable level of demand for farm machinery during the year. Deere & Company's sales are expected to benefit from global expansion and lines of advanced new equipment.

Industry sales for agricultural machinery in the U.S. and Canada are forecast to be about the same for 2013 in relation to the prior year's healthy levels. Caution around the U.S. livestock and dairy sectors is expected to offset continued strength in demand for large equipment, such as high-horsepower tractors.

Fiscal year industry sales in the European Union 27 are forecast to be about the same to 5 percent lower due to continuing deterioration in the overall economy and a poor harvest in the United Kingdom. Sales in the Commonwealth of Independent States are expected to be modestly higher in 2013. In South America, industry sales are projected to increase about 10 percent as a result of favorable commodity prices and higher planting intentions. Industry sales in Asia are projected to be approximately the same as 2012 due to softer economic conditions in India and China.

U.S. and Canada industry sales of turf and utility equipment are expected to increase about 5 percent for 2013, reflecting some improvement in the U.S. economy. Deere & Company's sales are expected to increase more than the industry due to the impact of new products.

Construction and Forestry. Deere & Company's worldwide sales of construction and forestry equipment are forecast to increase by about 8 percent for fiscal 2013 due in part to modest improvement in U.S. economic conditions. Sales in world forestry markets are projected to be about the same for the year as further weakness in European markets offsets stronger demand in the U.S.

Financial Services . Net income for the financial services operations in fiscal year 2013, which includes the Company, is expected to be approximately $500 million. The forecast improvement is primarily due to expected growth in the portfolio and lower crop insurance claims. These factors are projected to be partially offset by an increase in the provision for credit losses, which is anticipated to return to a more typical level. Net income attributable to the Company for 2013, which does not include the financial services operations in Brazil, Canada, China, Finland, India, Russia and Thailand or the crop insurance operations in the U.S. or an insurance business related to extended equipment warranties, is projected to be approximately $400 million. The forecast increase from 2012 is primarily due to expected growth in the portfolio, partially offset by an increase in the provision for credit losses, which is anticipated to return to a more typical level.

Relationships of the Company with John Deere

The results of operations of the Company are affected by its relationships with John Deere, including among other items, the terms on which the Company acquires Receivables and Leases and borrows funds from John Deere, the reimbursement for interest waiver and low-rate finance programs from John Deere, the compensation paid by John Deere in connection with the Company's purchase of trade receivables from John Deere and the payment to John Deere for various expenses applicable to the Company's operations. In addition, the Company and John Deere have joint access to certain lines of credit.

The Company's acquisition volume of Receivables and Leases is largely dependent upon the level of retail sales and leases of John Deere products. The level of John Deere retail sales and leases is responsive to a variety of economic, financial, climatic, legislative and other factors that influence demand for its products. The majority of the Company's businesses are affected by changes in interest rates, demand for credit and competition.

The Company bears substantially all of the credit risk (net of recovery from withholdings from certain John Deere dealers and merchants) associated with its holding of Receivables and Leases. A small portion of the Receivables and Leases held (less than 5 percent) is guaranteed by certain subsidiaries of Deere & Company. The Company also performs substantially all servicing and collection functions. Servicing and collection functions for a small portion of the Receivables and Leases held (less than 5 percent) are provided by John Deere. John Deere is reimbursed for staff and other administrative services at estimated cost and for credit lines provided to the Company based on utilization of those lines.

The terms and the basis on which the Company acquires retail notes and certain wholesale receivables from John Deere are governed by agreements with John Deere, generally terminable by either John Deere or the Company on 30 days notice. As provided in these agreements, the Company agrees to the terms and conditions for purchasing the retail notes and wholesale receivables from John Deere. Under these agreements, John Deere is not obligated to sell notes to the Company, and the Company is obligated to purchase notes from John Deere only if the notes comply with the terms and conditions set by the Company.

The basis on which John Deere acquires retail notes and wholesale receivables from the dealers is governed by agreements with the John Deere dealers, terminable at will by either the dealers or John Deere. In acquiring these notes from dealers, the terms and conditions, as set forth in agreements with the dealers, conform with the terms and conditions adopted by the Company in determining the acceptability of retail and certain wholesale notes to be purchased from John Deere. The dealers are not obligated to sell these notes to John Deere and John Deere is not obligated to accept these notes from the dealers. In practice, retail and wholesale notes are acquired from dealers only if the terms of these notes and the creditworthiness of the customers are acceptable to the Company. The Company acts on behalf of both itself and John Deere in determining the acceptability of the notes and in acquiring acceptable notes from dealers.

The basis on which the Company enters into leases with retail customers through John Deere dealers is governed by agreements between dealers and the Company. Leases are accepted based on the terms and conditions, the lessees' creditworthiness, the anticipated residual values of the equipment and the intended uses of the equipment.

Deere & Company has an agreement with John Deere Capital Corporation pursuant to which it has agreed to continue to own, directly or through one or more wholly-owned subsidiaries, at least 51 percent of the voting shares of capital stock of John Deere Capital Corporation and to maintain the Capital Corporation's consolidated tangible net worth at not less than $50 million. This agreement also obligates Deere & Company to make payments to the Capital Corporation such that its consolidated ratio of earnings to fixed charges is not less than 1.05 to 1 for each fiscal quarter. For 2012 and 2011, the Capital Corporation's ratios were 2.30 to 1 and 2.18 to 1, respectively, and never less than 2.02 to 1 and 1.96 to 1 for any fiscal quarter of 2012 and 2011, respectively. Deere & Company's obligations to make payments to the Capital Corporation under the agreement are independent of whether the Capital Corporation is in default on its indebtedness, obligations or other liabilities. Further, Deere & Company's obligations under the agreement are not measured by the amount of the Capital Corporation's indebtedness, obligations or other liabilities. Deere & Company's obligations to make payments under this agreement are expressly stated not to be a guaranty of any specific indebtedness, obligation or liability of the Capital Corporation and are enforceable only by or in the name of John Deere Capital Corporation. No payments were required under this agreement during the periods included in the consolidated financial statements.

The Company purchases certain wholesale receivables (trade receivables) from John Deere. These trade receivables arise from John Deere's sales of goods to independent dealers. Under the terms of the sales to dealers, interest is primarily charged to dealers on outstanding balances, from the earlier of the date when goods are sold to retail customers by the dealer or the expiration of certain interest-free periods granted at the time of the sale to the dealer, until payment is received by the Company. Dealers cannot cancel purchases after the equipment is shipped and are responsible for payment even if the equipment is not sold to retail customers. The interest-free periods are determined based on the type of equipment sold and the time of year of the sale. These periods range from one to twelve months for most equipment. Interest-free periods may not be extended. Interest charged may not be forgiven and the past due interest rates exceed market rates. The Company receives compensation from John Deere at approximate market interest rates for these interest-free periods. The Company computes the compensation from John Deere for interest-free periods based on the Company's estimated funding costs, administrative and operating expenses, credit losses and required return on equity.

Description of Receivables and Leases

Receivables and Leases arise mainly from retail and wholesale sales and leases of John Deere products and used equipment accepted in trade for them, and from retail sales of equipment of unrelated manufacturers. Receivables and Leases also include revolving charge accounts receivable and operating loans. At October 31, 2012 and 2011, approximately 90 percent of the Receivables and Leases administered by the Company were for financing John Deere products.

John Deere Financial, f.s.b., known as FPC Financial, f.s.b. prior to June 1, 2011 (Thrift), is a wholly-owned subsidiary of the Company. It holds a federal charter issued by the Office of Thrift Supervision (OTS). Effective July 21, 2011, the OTS was merged into the Office of the Comptroller of the Currency (OCC), which now regulates the Thrift. The oversight of John Deere Capital Corporation, as the owner of the Thrift, was transferred from the OTS to the U.S. Federal Reserve Board on that date. The Thrift is headquartered in Madison, Wisconsin and offers revolving charge products including John Deere Financial Revolving Plan, John Deere Financial multi-use (formerly known as Farm Plan ™) and PowerPlan ® throughout the U.S. John Deere Financial Revolving Plan is used primarily by retail customers of John Deere dealers to finance purchases of turf and utility equipment. Through its John Deere Financial multi-use product, the Thrift finances revolving charge accounts offered by approximately 8,000 participating agribusinesses to their retail customers for the purchase of goods and services. John Deere Financial multi-use account holders purchase equipment parts and service at implement dealerships and farm inputs such as feed, seed, fertilizer, bulk fuel and building supplies from other agribusinesses. The PowerPlan ® revolving charge account is used by construction and forestry customers to finance the purchase of equipment parts, equipment rentals and service work performed at John Deere construction and forestry dealers. See Note 4 to the consolidated financial statements under “Revolving Charge Accounts Receivable.”

The Company finances wholesale inventories of John Deere agriculture and turf and construction and forestry equipment. A large portion of the wholesale financing provided by the Company is with dealers from whom it also purchases agriculture and turf and construction and forestry retail notes. See Note 4 to the consolidated financial statements under “Wholesale Receivables.”

The Company generally requires that theft and physical damage insurance be carried on all goods leased or securing retail notes and wholesale receivables. The customer may, at the customer’s own expense, have the Company or the seller of the goods purchase this insurance or obtain it from other sources. Insurance is not required for goods purchased under revolving charge accounts.

Receivables and Leases are eligible for acceptance if they conform to prescribed finance and lease plan terms. Guidelines relating to down payments and contract terms on retail notes and leases are described in Note 4 and Note 7 to the consolidated financial statements.

In limited circumstances, Receivables and Leases may be accepted and acquired even though they do not conform in all respects to the established guidelines. The Company determines whether Receivables and Leases should be accepted and how they should be serviced. Acceptance of these Receivables and Leases is dependent on having one or more risk mitigation enhancements that may include the pledge of additional collateral as security, the assignment of specific earnings to the Company or the acceptance of accelerated payment schedules. Officers of the Company are responsible for establishing policies and reviewing the performance of the Company in accepting and collecting Receivables and Leases. The Company normally makes all of its own routine collections, settlements and repossessions on Receivables and Leases.

John Deere retail notes and wholesale receivables are generally supported by perfected security interests in goods financed under laws such as the Uniform Commercial Code (UCC), certain federal statutes and state motor vehicle laws in the U.S. and certain international statutes in various jurisdictions and countries. UCC financing statements are also prepared and filed on leases; however, filings for operating leases are made for informational purposes only.

Finance Rates on Retail Notes

As of October 31, 2012 and 2011, approximately 95 percent of the retail notes held by the Company bore a fixed finance rate. A portion of the finance income earned by the Company arises from reimbursements from John Deere in connection with financing the retail sales of John Deere equipment on which finance charges are waived or reduced by John Deere for a period from the date of sale to a specified subsequent date. See Note 4 to the consolidated financial statements for additional information.

Average Original Term and Average Actual Life of Retail Notes and Leases

Due to prepayments (often from trade-ins and refinancing), the average actual life of retail notes and financing leases is considerably shorter than the average original term. The following table shows the average original term for retail notes and leases acquired and the average actual life for retail notes and leases liquidated (in months):

	Average Original Term		Average Actual Life	
	2012	2011	2012	2011
Retail notes	54	54	31	34
New equipment:				
Agriculture and turf equipment	52	52	30	32
Construction and forestry equipment	45	43	40	42
Used equipment:				
Agriculture and turf equipment	58	58	32	34
Construction and forestry equipment	43	43	34	34
Financing leases	43	42	35	36
Equipment on operating leases	33	33	28	31

Maturities

The following table presents the contractual maturities of net Receivables and Leases owned by the Company at October 31, 2012 (in millions of dollars), and a summary of net Receivables and Leases owned by the Company at the end of the last five years (in millions of dollars):

	One year or less	One to five years Fixed rate	One to five years Variable rate	Over five years Fixed rate	Over five years Variable rate	2012 Total	2011	2010	2009	2008
Retail notes:										
Agriculture and turf equipment	$ 4,571	$ 9,046	$ 499	$ 205	$ 13	$ 14,334	$ 12,713	$ 11,111	$ 9,952	$ 9,734
Construction and forestry equipment	619	765	10	1		1,395	1,155	1,138	1,386	1,986
Recreational products							4	5	6	9
Total retail notes	$ 5,190	$ 9,811	$ 509	$ 206	$ 13	15,729	13,872	12,254	11,344	11,729
Revolving charge accounts						2,428	2,452	2,288	2,192	1,825
Wholesale receivables						6,483	5,212	4,659	3,874	3,571
Financing leases						522	459	420	393	418
Operating loans						42	84	239	297	358
Equipment on operating leases						1,418	1,232	1,142	1,023	1,053
Total Receivables and Leases						$ 26,622	$ 23,311	$ 21,002	$ 19,123	$ 18,954

Total net Receivables and Leases by geographic area are as follows (in millions of dollars):

	2012	2011	2010	2009	2008
U.S.	$ 22,943	$ 19,827	$ 18,038	$ 16,228	$ 16,562
Outside the U.S.	3,679	3,484	2,964	2,895	2,392
Total Receivables and Leases	$ 26,622	$ 23,311	$ 21,002	$ 19,123	$ 18,954

Receivables have significant concentrations of credit risk in the agriculture and turf sector and construction and forestry sector.

Delinquencies

Past due balances of Receivables still accruing finance income, which represent the total balance held (principal plus accrued interest) with any payment amounts 30 days or more past the contractual payment due date, are as follows (in millions of dollars):

	2012	2011	2010	2009	2008
U.S.	$ 167.2	$ 217.1	$ 289.6	$ 414.0	$ 342.8
Outside the U.S.	32.6	22.6	37.3	130.7	25.4
Total	$ 199.8	$ 239.7	$ 326.9	$ 544.7	$ 368.2

Total non-performing Receivables, which represent loans for which the Company has ceased accruing finance income, are as follows (in millions of dollars):

	2012	2011	2010	2009	2008
U.S.	$ 44.8	$ 58.1	$ 96.4	$ 126.1	$ 63.2
Outside the U.S.	18.4	20.9	24.0	20.1	16.4
Total	$ 63.2	$ 79.0	$ 120.4	$ 146.2	$ 79.6

See Note 5 to the consolidated financial statements for the policy for placing Receivables on non-performing status.

Write-offs and Recoveries

Total Receivable write-offs and recoveries, by product, were as follows (in millions of dollars):

	2012	2011	2010	2009	2008
Allowance for credit losses, beginning of year	$ 126.3	$ 148.6	$ 158.2	$ 105.2	$ 99.2
Provision (credit) for credit losses	(.2)	1.9	79.7	177.5	66.8
Write-offs:					
Retail notes:					
Agriculture and turf equipment	(3.4)	(5.3)	(6.6)	(8.0)	(5.6)
Construction and forestry equipment	(4.0)	(9.5)	(23.1)	(62.4)	(30.9)
Recreational products		(.1)	(.4)	(1.2)	(.8)
Total retail notes	(7.4)	(14.9)	(30.1)	(71.6)	(37.3)
Revolving charge accounts	(28.8)	(39.1)	(70.9)	(68.6)	(39.8)
Wholesale receivables	(1.0)	(.6)	.7	(3.0)	(1.0)
Financing leases	(1.6)	(3.6)	(2.4)	(4.4)	(2.3)
Operating loans	(1.9)	(3.3)	(17.5)		(.3)
Total write-offs	(40.7)	(61.5)	(120.2)	(147.6)	(80.7)
Recoveries:					
Retail notes:					
Agriculture and turf equipment	3.9	3.6	3.8	3.9	3.4
Construction and forestry equipment	2.9	3.5	3.2	2.6	3.3
Recreational products		.1	.2	.2	.3
Total retail notes	6.8	7.2	7.2	6.7	7.0
Revolving charge accounts	21.4	28.2	22.7	13.8	12.4
Wholesale receivables	.1	.1	.4	.3	.6
Financing leases	.3	.1	.4	.4	.1
Operating loans	.5	1.2	.2	.5	1.0
Total recoveries	29.1	36.8	30.9	21.7	21.1
Total net write-offs	(11.6)	(24.7)	(89.3)	(125.9)	(59.6)
Other changes (primarily translation adjustments)	(.5)	.5		1.4	(1.2)
Allowance for credit losses, end of year	$ 114.0	$ 126.3	$ 148.6	$ 158.2	$ 105.2
Total net write-offs as a percentage of average Receivables	.05%	.12%	.48%	.70%	.33%
Allowance as a percentage of total Receivables, end of year	.45%	.57%	.75%	.87%	.59%

Total Receivable write-offs and recoveries from outside the U.S. were as follows (in millions of dollars):

	2012	2011	2010	2009	2008
Allowance for credit losses, beginning of year	$ 11.2	$ 11.2	$ 9.9	$ 8.2	$ 9.6
Provision for credit losses	2.3	1.8	1.5	2.7	1.3
Write-offs	(2.8)	(2.8)	(1.0)	(3.1)	(1.6)
Recoveries	1.0	.6	.8	.7	.4
Total net write-offs	(1.8)	(2.2)	(.2)	(2.4)	(1.2)
Other changes (primarily translation adjustments)	(.5)	.4		1.4	(1.5)
Allowance for credit losses, end of year	$ 11.2	$ 11.2	$ 11.2	$ 9.9	$ 8.2
Total net write-offs as a percentage of average Receivables from outside the U.S.	.05%	.07%	.01%	.09%	.05%
Allowance as a percentage of total Receivables from outside the U.S., end of year	.31%	.32%	.38%	.34%	.35%

Allowance for Credit Losses

The total Receivable allowance for credit losses, by product, at October 31, and the Receivable portfolio, by product, as a percent of total portfolio is presented below (in millions of dollars):

	2012		2011		2010		2009		2008	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
Retail notes:										
Agriculture and turf equipment	$ 24.7	57%	$ 25.7	58%	$ 23.3	56%	$ 18.5	55%	$ 18.3	55%
Construction and forestry equipment	31.7	5	41.9	5	58.4	6	57.9	8	43.3	11
Recreational products			.2		.4		.7		1.8	
Total retail notes	56.4	62	67.8	63	82.1	62	77.1	63	63.4	66
Revolving charge accounts	40.2	10	39.7	11	43.3	12	41.8	12	21.2	10
Wholesale receivables	5.9	26	6.0	24	7.4	23	7.1	21	7.0	20
Financing leases	8.7	2	8.4	2	9.5	2	9.4	2	5.5	2
Operating loans	2.8		4.4		6.3	1	22.8	2	8.1	2
Total	$ 114.0	100%	$ 126.3	100%	$ 148.6	100%	$ 158.2	100%	$ 105.2	100%

The total Receivable allowance for credit losses, by geographic area, at October 31, and the Receivable portfolio, by geographic area, as a percent of total portfolio is presented below (in millions of dollars):

	2012		2011		2010		2009		2008	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
U.S.	$ 102.8	86%	$ 115.1	84%	$ 137.4	85%	$ 148.3	84%	$ 97.0	87%
Outside the U.S.	11.2	14	11.2	16	11.2	15	9.9	16	8.2	13
Total	$ 114.0	100%	$ 126.3	100%	$ 148.6	100%	$ 158.2	100%	$ 105.2	100%

The allowance for credit losses is an estimate of the losses inherent in the Company's Receivable portfolio. The level of the allowance is based on many quantitative and qualitative factors, including historical loss experience by product category, portfolio duration, delinquency trends, economic conditions and credit risk quality. The Company has an established process to calculate a range of possible outcomes and determine the adequacy of the allowance. No single statistic or measurement determines the adequacy of the allowance. Historical receivable recoveries and write-offs are considered as part of the loss experience by product category. The adequacy of the allowance is assessed quarterly. Different assumptions or changes in economic conditions would result in changes to the allowance for credit losses and the provision for credit losses.

The allowance is determined at an aggregate level by product category for all Receivables that are performing in accordance with payment terms and are not materially past due. The Company assigns loss factors to each aggregation and loss factors are applied to the applicable Receivable balance to determine the allowance level for each product category. The loss factors are determined based on quantitative and qualitative factors, including historical loss experience by product category, portfolio duration, delinquency trends, economic conditions and credit risk quality.

The Company also reviews Receivables for impairment based on delinquencies and changes in cash flows or collateral. These Receivables consist of materially past due Receivables, customers that have provided bankruptcy notification and other Receivables requiring significant collection efforts including litigation. The Company identifies these Receivables during reviews of portfolio credit quality. The Company includes the impairment on non-performing Receivables as a separate component included in the allowance unless it has already been recognized as a loss.

In addition to the calculations discussed above, other qualitative factors are taken into account to arrive at the allowance balance. The total allowance reflects management's estimate of credit losses inherent in the Receivables portfolio at the balance sheet date. See further discussion of the allowance for credit losses in the Critical Accounting Policies.

Competition

The businesses in which the Company is engaged are highly competitive. The Company competes for customers with commercial banks and finance and leasing companies based upon its service, finance rates charged and other finance terms. The proportion of John Deere equipment retail sales and leases financed by the Company is influenced by conditions prevailing in the agriculture and turf equipment and construction and forestry equipment industries, in the financial markets, and in business generally. The Company financed a significant portion of John Deere equipment retail sales and leases in the U.S. during 2012 and 2011.

The Company emphasizes convenient service to customers and endeavors to offer terms desired in its specialized markets such as seasonal schedules of repayment and rentals. The Company's retail note finance rates and lease rental rates are generally believed to be in the range offered by other sales finance and leasing companies, although not as low as those of some banks and other lenders and lessors.

Regulation

In a number of states, state law limits the maximum finance rate on receivables. The present state limitations have not, thus far, significantly limited variable-rate finance charges or the fixed-rate finance charges established by the Company. However, if interest rate levels should increase significantly, maximum state rates could affect the Company by preventing the variable rates on outstanding variable-rate retail notes from increasing above the maximum state rate, and by limiting the fixed rates on new notes. In some states, the Company may be able to qualify new retail notes for a higher maximum rate limit by using retail installment sales contracts (rather than loan contracts) or by using fixed-rate rather than variable-rate contracts.

In addition to rate regulation, various state and federal laws and regulations apply to some Receivables and Leases, principally retail notes for goods sold for personal, family or household use and John Deere Financial Revolving Plan, John Deere Financial multi-use and PowerPlan ® accounts receivable for such goods. To date, these laws and regulations have not had a significant adverse effect on the Company.

The Thrift holds a federal charter issued by the OTS. Effective July 21, 2011, the OTS was merged into the OCC, which now regulates the Thrift. The Thrift is subject to regulation and examination by the OCC. The oversight of John Deere Capital Corporation, as the owner of the Thrift, was transferred from the OTS to the U.S. Federal Reserve Board on that date.

The manner in which the Company offers financing outside the U.S. is affected by a variety of country specific laws, regulations and customs, including those governing property rights and debtor obligations, that are subject to change and that may introduce greater risk to the Company.

Item 1A . Risk Factors .

The Company is a subsidiary of JDFS, a wholly-owned finance holding subsidiary of Deere & Company. The results of operations of the Company are affected by its relationships with Deere & Company. See "Relationships of the Company with John Deere" on page 3 for additional information regarding the relationship between the Company and Deere & Company.

The following risks are considered the most significant to the Company's business based upon current knowledge, information and assumptions. This discussion of risk factors should be considered closely in conjunction with "Management's Discussion and Analysis" beginning on page 16, including the risks and uncertainties described in the "Safe Harbor Statement" on page 23, and the Notes to Consolidated Financial Statements beginning on page 38. These risk factors and other forward-looking statements that relate to future events, expectations, trends and operating periods involve certain factors that are subject to change, and important risks and uncertainties that could cause actual results to differ materially. Some of these risks and uncertainties could affect particular lines of business, while others could affect all of the Company's businesses. Although each risk is discussed separately, many are interrelated. The Company, except as required by law, undertakes no obligation to update or revise this risk factors discussion, whether as a result of new developments or otherwise. The risks described in this Annual Report on Form 10-K, and the "Safe Harbor Statement" in this report, are not the only risks faced by the Company. Additional risks and uncertainties may also materially affect the Company's business, financial condition or operating results. You should not consider these risk factors to be a complete discussion of risks, uncertainties and assumptions.

The Company is subject to interest rate risks. Changes in interest rates can reduce demand for equipment, adversely affect interest margins and limit the ability to access capital markets while increasing borrowing costs.

Rising interest rates could have a dampening effect on overall economic activity and/or the financial condition of the Company's customers, either or both of which could negatively affect customer demand for John Deere equipment and customers' ability to repay obligations to the Company. In addition, credit market dislocations, including as a result of Eurozone concerns, could have an impact on funding costs which are very important to the Company because such costs affect the ability to offer customers competitive financing rates. In addition, changing interest rates could have an adverse effect on the Company's net interest rate margin—the difference between the yield the Company earns on its assets and the interest rates the Company pays for funding, which could in turn affect the Company's net interest income and earnings. Actions by credit rating agencies, such as downgrades or negative changes to rating outlooks, can affect the availability and cost of funding for the Company and can increase the Company's cost of capital and hurt its competitive position.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Act), and the regulations implementing the Act, could impose additional supervisory, financial and reporting requirements and compliance costs on the Company and could therefore adversely affect the Company.

The Act was enacted on July 21, 2010 to broadly reform practices in the financial services industry, including equipment financing and securitizations. The Act directs federal agencies, including the Consumer Financial Protection Bureau, the U.S. Federal Reserve Board, the Commodity Futures Trading Commission, the Federal Deposit Insurance Corporation and others, to adopt rules to regulate depository institutions, non-bank financial institutions, thrift holding companies, the consumer finance industry and the capital markets, including certain commercial transactions such as derivatives contracts. Although the effects of the Act on the capital markets and the financial industry are largely unknown until regulations have been finalized and implemented, the Act and its regulations are expected to impose additional reporting requirements, leverage, capital and other supervisory and financial standards and restrictions that increase regulatory-related compliance costs for the Company and could adversely affect the Company's funding activities, liquidity, structure (including relationships with affiliates), operations and performance. The U.S. Federal Reserve Board has recently proposed capital requirements for certain institutions including thrift holding companies. Under the proposed rules, certain risk-based capital levels would need to be maintained in order to avoid the imposition of new restrictions on making dividends and other capital payouts. Moreover, our operations, including those outside of the U.S., could also be impacted by non-U.S. regulatory reforms, including Basel III, being implemented to further regulate non-U.S. financial institutions and markets.

International, national and regional trade laws, regulations and policies (particularly those related to or restricting global trade) and government farm programs and policies, could significantly impair John Deere's profitability and growth prospects.

International, national and regional laws, regulations and policies directly or indirectly related to or restricting trade, including protectionist policies in particular jurisdictions or for the benefit of favored industries or sectors, could harm John Deere's multinational business. John Deere's profitability and growth prospects are tied directly to the global marketplace. Restricted access to global markets impairs John Deere's ability to export goods and services from its various manufacturing locations around the world, and limits the ability to access raw materials and high quality parts and components at competitive prices on a timely basis. While trade agreements may expand opportunities, trade restrictions could limit John Deere's ability to capitalize on current and future growth opportunities in international markets and impair John Deere's ability to expand the business by offering new technologies, products and services. Furthermore, the ability to export agricultural and forestry commodities is critical to John Deere's agricultural and forestry customers. Policies impacting exchange rates and commodity prices or those limiting the export or import of commodities, including the outcome of the global negotiations under the auspices of the World Trade Organization, could have a material adverse effect on the international flow of agricultural and other commodities which may result in a corresponding negative effect on the demand for agricultural and forestry equipment in many areas of the world. John Deere's agricultural equipment sales could be especially harmed because farm income strongly influences sales of agricultural equipment around the world. Furthermore, trade restrictions could impede those in developing countries from achieving a higher standard of living, which could negatively impact John Deere's future growth opportunities arising from increasing global demand for food, fuel and infrastructure. Furthermore, changes in government farm programs and policies, including direct payments and other subsidies, can significantly influence demand for John Deere agricultural equipment.

Changes in government banking, monetary and fiscal policies could have a negative effect on John Deere.

Policies of the U.S. and other governments regarding banking, monetary and fiscal policies intended to promote or maintain liquidity, stabilize financial markets and/or address local deficit or structural economic issues may not be effective and could have a material impact on the Company's customers and markets. The Company's operations and results could also be materially impacted by financial regulatory reform which could have an adverse affect on the Company's and John Deere's customers by limiting their ability to finance purchases of John Deere products. Governmental policies on taxes and spending can also affect the Company, especially John Deere's construction and forestry business due to the impact of government spending on infrastructure development.

Changing worldwide demand for food and for different forms of bio-energy could have an effect on the price of farm commodities and consequently the demand for certain John Deere equipment and could also result in higher research and development costs related to changing machine fuel requirements.

Changing worldwide demand for farm outputs to meet the world's growing food and bio-energy demands, driven in part by government policies and a growing world population, are likely to result in fluctuating agricultural commodity prices, which directly affect sales of agricultural equipment. While higher commodity prices will benefit John Deere's crop producing agricultural equipment customers, higher commodity prices also result in greater feed costs for livestock and poultry producers which in turn may result in lower levels of equipment purchased by these customers. Furthermore, changing bio-fuel demands may cause farmers to change the types or quantities of the crops they raise, with corresponding changes in equipment demands. Finally, changes in governmental policies regulating bio-fuel utilization could affect demand for John Deere's gasoline- or diesel-fueled equipment and result in higher research and development costs related to equipment fuel standards.

As John Deere seeks to expand its business globally, growth opportunities may be impacted by greater political, economic and social uncertainty and the continuing and accelerating globalization of businesses could significantly change the dynamics of John Deere's competition, customer base and product offerings.

John Deere's efforts to grow its businesses depend to a large extent upon access to, and its success in developing market share and operating profitably in, additional geographic markets including but not limited to Brazil, China, India and Russia. In some cases, these countries have greater political and economic volatility, greater vulnerability to infrastructure and labor disruptions and differing local customer product preferences and requirements than John Deere's other markets. Operating and seeking to expand business in a number of different regions and countries exposes John Deere to multiple and potentially conflicting cultural practices, business practices and legal and regulatory requirements that are subject to change, including those related to tariffs and trade barriers, investments, property ownership rights, taxation and repatriation of earnings and advanced technologies. Expanding business operations globally also increases exposure to currency fluctuations which can materially affect the Company's financial results. As these emerging geographic markets become more important to John Deere, its competitors are also seeking to expand their production capacities and sales in these same markets. While John Deere maintains a positive corporate image and the John Deere brand is widely recognized and valued in its traditional markets, the brand is less well known in some emerging markets which could impede John Deere's efforts to successfully compete in these markets. Although John Deere is taking measures to adapt to these changing circumstances, John Deere's reputation and/or business results could be negatively affected should these efforts prove unsuccessful.

John Deere is subject to extensive anti-corruption laws and regulations.

John Deere's international operations must comply with U.S. law, including the U.S. Foreign Corrupt Practices Act (FCPA). The FCPA and similar foreign anti-corruption laws generally prohibit companies and their intermediaries from making improper payments or providing anything of value to improperly influence foreign government officials for the purpose of obtaining or retaining business regardless of whether those practices are legal or culturally expected in the foreign jurisdiction. Recently, there has been a substantial increase in the global enforcement of anti-corruption laws. Although John Deere has a compliance program in place designed to reduce the likelihood of potential violations of such laws, violations of these laws could result in criminal or civil sanctions and an adverse effect on John Deere's reputation, business and results of operations and financial condition.

Negative economic conditions and outlook can materially weaken demand for John Deere's equipment and services, limit access to funding and result in higher funding costs.

The demand for the Company's products and services can be significantly reduced in an economic environment characterized by high unemployment, cautious consumer spending, lower corporate earnings, and lower business investment. Negative or uncertain economic conditions causing John Deere's customers to lack confidence in the general economic outlook can significantly reduce their propensity to purchase John Deere's equipment. Sustained negative economic conditions and outlook affect housing starts and other construction which dampens demand for

certain construction equipment. John Deere's turf operations and its construction and forestry business are dependent on construction activity and general economic conditions. Sustained low levels or decreases in construction activity and housing starts could have a material adverse effect on John Deere's results of operations. If negative economic conditions affect the overall farm economy, there could be a similar effect on John Deere's agricultural equipment sales. In addition, uncertain or negative economic conditions and outlook can cause significant changes in market liquidity conditions. Such changes could impact access to funding and associated funding costs, which could reduce the Company's earnings and cash flows. Additionally, the Company's investment management activities could be adversely affected by changes in the equity and bond markets, which would negatively affect earnings.

Concerns regarding the European debt crisis and market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the Eurozone, or the potential dissolution of the euro entirely, could adversely affect our business, results of operations and financing.

Concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Eurozone countries. These concerns could lead to the re-introduction of individual currencies in one or more Eurozone countries, or, in more extreme circumstances, the possible dissolution of the euro currency entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Company's euro-denominated assets and obligations. In addition, concerns over the effect of this financial crisis on financial institutions in Europe and globally could have an adverse impact on the capital markets generally, and more specifically on the ability of the Company and John Deere's customers, suppliers and lenders to finance their respective businesses, to access liquidity at acceptable financing costs, if at all, on the availability of supplies and materials and on the demand for John Deere products.

The Company's consolidated financial results are reported in U.S. dollars while certain assets and other reported items are denominated in the currencies of other countries, creating currency translation risk.

The Company operates in several areas of the world, involving transactions denominated in a variety of currencies. The Company is subject to currency exchange risk to the extent that our costs are denominated in currencies other than those in which we earn revenues. The reporting currency for the Company's consolidated financial statements is the U.S. dollar. Certain of the Company's assets, liabilities, expenses and revenues are denominated in other countries' currencies. Those assets, liabilities, expenses and revenues are translated into U.S. dollars at the applicable exchange rates to prepare the Company's consolidated financial statements. Therefore, increases or decreases in exchange rates between the U.S. dollar and those other currencies affect the value of those items as reflected in the Company's consolidated financial statements, even if their value remains unchanged in their original currency. Substantial fluctuations in the value of the U.S. dollar could have a continuing and significant impact on the Company's results.

Because the Company is a financing company, the Company's operations and financial results could be impacted materially should negative economic conditions affect the financial industry.

In recent years, negative economic conditions have frequently had an adverse effect on the financial industry in which the Company operates. The Company provides financing for a significant portion of John Deere's sales worldwide. The Company is exposed to the credit risk of its various counterparties. The Company may experience credit losses that exceed its expectations and adversely affect its financial condition and results of operations. The Company's inability to access funds or to access funds at cost effective rates to support its financing activities to the Company's customers could have a material adverse effect on the Company's business. The Company's liquidity and ongoing profitability depend largely on timely access to capital to meet future cash flow requirements and fund operations and the costs associated with engaging in diversified funding activities. Additionally, negative market conditions could reduce customer confidence levels, resulting in declines in credit applications and increases in delinquencies and default rates, which could materially impact the Company's write-offs and provision for credit losses.

John Deere's business results depend largely on its ability to understand its customers' specific preferences and requirements, and to develop, manufacture and market products that meet customer demand.

John Deere's ability to match new product offerings to diverse global customers' anticipated preferences for different types and sizes of equipment and various equipment features and functionality, at affordable prices, is critical to its success. This requires a thorough understanding of John Deere's existing and potential customers on a global basis, particularly in potential high growth markets, including Brazil, China, India and Russia. Failure to deliver quality products that meet customer needs at competitive prices ahead of competitors could have a significant adverse effect on John Deere's business.

John Deere's business may be directly and indirectly affected by unfavorable weather conditions or natural disasters that reduce agricultural production and demand for agricultural and turf equipment.

Poor or unusual weather conditions, particularly during the planting and early growing season, can significantly affect the purchasing decisions of the Company's customers, particularly the purchasers of agriculture and turf equipment. The timing and quantity of rainfall are two of the most important factors in agricultural production. Insufficient levels of rain prevent farmers from planting new crops and may cause growing crops to die or result in lower yields. Excessive rain or flooding can also prevent planting from occurring at optimal times, and may cause crop loss through increased disease or mold growth. Temperatures outside normal ranges can also cause crop failure or decreased yields, and may also affect disease incidence. Temperature affects the rate of growth, crop maturity and crop quality. Natural calamities such as regional floods, hurricanes, or other storms, and droughts can have significant negative effects on agricultural production. The resulting negative impact on farm income can strongly affect demand for agricultural equipment. Sales of turf equipment, particularly during the important spring selling season, can be dramatically impacted by weather. Adverse weather conditions in a particular geographic region may adversely affect sales of some turf equipment. Drought conditions can adversely affect sales of certain mowing equipment and unusually rainy weather can similarly cause lower sales volumes.

Security breaches and other disruptions to the Company's information technology infrastructure could interfere with the Company's operations, and could compromise the Company's and its customer's information, exposing the Company to liability which would cause the Company's business and reputation to suffer.

In the ordinary course of business, the Company relies upon information technology networks and systems, some of which are managed by third parties, to process, transmit and store electronic information, and to manage or support a variety of business processes and activities, including loan application and collection of payment processes for purchasers of John Deere equipment. The Company uses information technology systems to record, process and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal and tax requirements. Additionally, the Company collects and stores sensitive data, including personally identifiable information of the Company's customers and employees, in data centers and on information technology networks. The secure operation of these information technology networks, and the processing and maintenance of this information is critical to the Company's business operations and strategy. Despite security measures and business continuity plans, the Company's information technology networks and infrastructure may be vulnerable to damage, disruptions or shutdowns due to attacks by hackers or breaches due to employee error or malfeasance, or other disruptions during the process of upgrading or replacing computer software or hardware, power outages, computer viruses, telecommunication or utility failures or natural disasters or other catastrophic events. The occurrence of any of these events could compromise the Company's networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, disrupt operations, and damage the Company's reputation, which could adversely affect the Company's business.

Item 1B. Unresolved Staff Comments.

None.

Item 2 . Properties .

The Company's properties principally consist of office equipment; Company-owned office buildings in Johnston, Iowa and Madison, Wisconsin; and leased office space in Reno, Nevada; Rosario, Argentina; Brisbane, Australia; Santiago, Chile; Gloucester, England; Langar, England; Bruchsal, Germany; Vignate, Italy; Luxembourg City, Luxembourg; Monterrey, Mexico; Parla, Spain; and Schaffhausen, Switzerland.

Item 3 . Legal Proceedings .

The Company is subject to various unresolved legal actions which arise in the normal course of its business, the most prevalent of which relate to state and federal laws and regulations concerning retail credit. The Company believes the reasonably possible range of losses for these unresolved legal actions in addition to amounts accrued would not have a material effect on its consolidated financial statements.

Item 4 . Mine Safety Disclosures .

Not applicable.

PART II

Item 5 . Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities .

(a) All of John Deere Capital Corporation's common stock is owned by JDFS, a finance holding company that is wholly-owned by Deere & Company. In 2012, Deere & Company increased its investment in JDFS by $160 million. In turn, JDFS increased its investment in the Capital Corporation by $160 million. The Capital Corporation did not declare or pay cash dividends to JDFS in 2012. This compares to $294 million in dividends declared and paid to JDFS in 2011. In 2011, JDFS paid comparable dividends to Deere & Company.

(b) Not applicable.

(c) Not applicable.

Item 6 . Selected Financial Data .

Omitted pursuant to instruction I(2).

Item 7 . Management's Discussion and Analysis of Financial Condition and Results of Operations .

Results of Operations

Overview

Organization

The Company primarily generates revenues and cash by financing John Deere dealers' sales and leases of new and used agriculture and turf equipment and construction and forestry equipment. In addition, the Company also provides wholesale financing to dealers of the foregoing equipment and finances retail revolving charge accounts and operating loans.

Trends and Economic Conditions

The Company's business is currently affected by the following key trends and economic conditions. The Company's business is closely related to John Deere's business. John Deere's agriculture and turf equipment sales increased 13 percent in 2012 and are forecast to increase by about 4 percent for 2013. Industry agricultural machinery sales in the U.S. and Canada for 2013 are forecast to remain approximately the same, compared to healthy levels in 2012. Industry sales in the European Union 27 nations of Western and Central Europe are forecast to be about the same to 5 percent lower in 2013, while sales in the Commonwealth of Independent States are expected to be modestly higher. South American industry sales are projected to increase approximately 10 percent in 2013. Industry sales in Asia are forecast to be about the same in 2013. Industry sales of turf and utility equipment in the U.S. and Canada are expected to increase approximately 5 percent in 2013. John Deere's construction and forestry sales increased 19 percent in 2012 and are forecast to increase by about 8 percent in 2013. Sales in world forestry markets are expected to be approximately the same in 2013. Net income attributable to the Company in 2013 is expected to be approximately $400 million. The forecast improvement from 2012 is primarily due to expected growth in the portfolio, partially offset by an increase in the provision for credit losses, which is anticipated to return to a more typical level.

Items of concern include the uncertainty of the effectiveness of governmental actions in respect to monetary and fiscal policies, the global economic recovery, the impact of sovereign and state debt, capital market disruptions, trade agreements, the availability of credit for John Deere's and the Company's customers and suppliers, and financial regulatory reform. Drought conditions and significant volatility in the price of many commodities could also impact John Deere's and the Company's results.

John Deere remains well positioned to carry out its growth plans and capitalize on positive long-term trends. With support from employees, dealers and suppliers, John Deere's plans for helping meet the world's growing need for food and infrastructure are moving ahead successfully.

2012 Compared with 2011

Net income attributable to the Company was $383 million in 2012, compared with $364 million in 2011. Results were higher primarily due to growth in the portfolio and a lower provision for credit losses, partially offset by higher administrative and operating expenses and narrower financing spreads. The ratio of earnings to fixed charges was 2.30 to 1 for 2012, compared with 2.18 to 1 for 2011.

Revenues totaled $1,675 million in 2012, compared with $1,621 million in 2011. The increase was primarily due to higher average portfolio balances, partially offset by lower average financing rates. Finance income earned on retail notes totaled $711 million in 2012, compared with $699 million in 2011. The increase was primarily due to a 12 percent increase in the average retail note portfolio balance, partially offset by lower average financing rates. Revenues earned on revolving charge accounts amounted to $258 million in 2012, compared with $264 million earned during 2011. The decrease was primarily due to lower average financing rates, partially offset by a 1 percent increase in the average balance of revolving charge accounts. Finance income earned on wholesale receivables totaled $324 million in 2012, compared with $289 million in 2011. The increase was primarily due to a 14 percent increase in the average balance of wholesale receivables. Lease revenues totaled $311 million in 2012, compared with $297 million in 2011. The increase was primarily due to a 10 percent increase in the average balance of leases, partially offset by lower average financing rates. Revenues earned from John Deere totaled $424 million in 2012, compared with $406 million in 2011.

Interest expense totaled $456 million in 2012, compared with $479 million in 2011. The decrease was primarily due to a decrease in the weighted-average annual interest rate incurred on all borrowings from 2.7 percent in 2011 to 2.2 percent in 2012, partially offset by higher average borrowings.

Administrative and operating expenses totaled $339 million in 2012, compared with $333 million in 2011. The increase was primarily due to support of enterprise growth initiatives.

The provision (credit) for credit losses was ($.2) million in 2012, compared with $2 million in 2011. The change was primarily due to lower net write-offs. Total net write-offs of Receivables financed were $12 million during 2012, compared with $25 million in 2011. The provision for credit losses, as a percentage of the total average balance of Receivables financed, was .00 percent for 2012 and .01 percent for 2011.

Fees paid to John Deere totaled $79 million in 2012, compared with $43 million in 2011. The increase was primarily due to higher corporate support fees.

Receivables and Leases Acquired and Held

For the 2012 and 2011 fiscal years, Receivable and Lease acquisition volumes and balances held were as follows (in millions of dollars):

	Fiscal Year Volumes			Balance at October 31		
	2012	2011	% Change	2012	2011	% Change
Retail notes:						
Agriculture and turf equipment	$ 8,275.6	$ 7,222.4	15%	$ 14,333.8	$ 12,712.7	13%
Construction and forestry equipment	950.8	742.6	28	1,395.0	1,155.5	21
Recreational products					3.5	
Total retail notes	9,226.4	7,965.0	16	15,728.8	13,871.7	13
Revolving charge accounts	5,345.4	5,087.4	5	2,427.7	2,452.5	(1)
Wholesale receivables	34,772.3	29,395.2	18	6,483.1	5,211.7	24
Financing leases	300.9	250.6	20	522.4	458.7	14
Operating loans	16.5	304.7	(95)	42.3	84.0	(50)
Equipment on operating leases	882.4	707.1	25	1,418.2	1,232.1	15
Total Receivables and Leases	$ 50,543.9	$ 43,710.0	16%	$ 26,622.5	$ 23,310.7	14%

Retail note volumes increased primarily due to increases in retail sales of John Deere equipment and increased market coverage. Wholesale receivable volumes increased primarily due to increased shipments of John Deere equipment as a result of increased retail sales activity. Operating loan volumes decreased primarily due to lower market coverage.

Receivables and Leases administered by the Company were as follows (in millions):

		October 31, 2012		October 31, 2011
Receivables and Leases administered:				
Owned by the Company	$	22,987.2	$	20,387.5
Owned by the Company — restricted due to securitization		3,635.3		2,923.2
Total Receivables and Leases owned by the Company		26,622.5		23,310.7
Administered - with limited recourse*		10.1		28.3
Administered - without recourse**		6.2		10.2
Total Receivables and Leases administered	$	26,638.8	$	23,349.2

* The Company's maximum exposure under all Receivable and Lease recourse provisions at October 31, 2012 and 2011 was $2 million and $3 million, respectively. The Company does not record the recourse obligations as liabilities as they are contingent liabilities that are remote at this time. However, the probable loss on Receivables and Leases that have been sold was accrued at the time of sale, and any subsequent necessary adjustments are made as part of ongoing reviews.

** Represents Receivables and Leases that the Company has sold but continues to administer for a fee.

Retail notes bearing fixed finance rates totaled approximately 95 percent of the total retail note portfolio at October 31, 2012 and 2011, respectively.

Total Receivable amounts 30 days or more past due and still accruing finance income were $200 million at October 31, 2012, compared with $240 million at October 31, 2011. These past due amounts represented .79 percent and 1.09 percent of the Receivables financed at October 31, 2012 and 2011, respectively. Total non-performing Receivables, which represent loans for which the Company has ceased accruing finance income, were $63 million and $79 million at October 31, 2012 and 2011, respectively. The total non-performing Receivables as a percentage of the ending Receivables balance was .25 percent and .36 percent at October 31, 2012 and 2011, respectively. See Note 5 to the consolidated financial statements for additional past due information.

Deposits withheld from dealers and merchants, representing mainly the aggregate dealer retail note and lease withholding accounts from individual John Deere dealers to which losses from retail notes and leases originating from the respective dealers can be charged, amounted to $172 million at October 31, 2012, compared with $170 million at October 31, 2011. The Company's allowance for credit losses on all Receivables financed at October 31, 2012 totaled $114 million and represented .45 percent of the total Receivables financed, compared with $126 million and .57 percent, respectively, at October 31, 2011. The allowance is subject to an ongoing evaluation based on many quantitative and qualitative factors, including historical loss experience by product category, portfolio duration, delinquency trends, economic conditions and credit risk quality. The Company believes its allowance is sufficient to provide for losses in its existing Receivable portfolio.

2011 Compared with 2010

Consolidated net income was $364 million in 2011, compared with $319 million in 2010. Results were higher in 2011 primarily due to growth in the portfolio and a lower provision for credit losses, partially offset by narrower financing spreads and a higher effective tax rate. The ratio of earnings to fixed charges was 2.18 to 1 for 2011, compared with 1.89 to 1 for 2010.

Revenues totaled $1,621 million in 2011, compared with $1,682 million in 2010. The decrease was primarily due to lower crop insurance commissions. In August 2010, the Company sold John Deere Risk Protection, the crop insurance managing general agency, to JDFS. Finance income earned on retail notes totaled $699 million in 2011, compared with $692 million in 2010. The increase was primarily due to a 12 percent increase in the average retail note portfolio balance, partially offset by lower average financing rates. Revenues earned on revolving charge accounts amounted to $264 million in 2011, compared with $268 million earned during 2010. The decrease was

primarily due to lower average financing rates, partially offset by a 5 percent increase in the average balance of revolving charge accounts. Finance income earned on wholesale receivables totaled $289 million in 2011, compared with $256 million in 2010. The increase was primarily due to a 16 percent increase in the average balance of wholesale receivables. Lease revenues totaled $297 million in 2011, compared with $290 million in 2010. The increase was primarily due to a 10 percent increase in the average balance of leases, partially offset by lower average financing rates. Revenues earned from John Deere totaled $406 million in 2011, compared with $441 million in 2010.

Other income totaled $64 million in 2011, compared with $92 million in 2010. The decrease was primarily due to lower interest earned from John Deere.

Interest expense totaled $479 million in 2011, compared with $534 million in 2010. The decrease was primarily due to a decrease in the weighted-average annual interest rate incurred on all borrowings from 3.0 percent in 2010 to 2.7 percent in 2011, partially offset by higher average borrowings.

Administrative and operating expenses totaled $333 million in 2011, compared with $370 million in 2010. The decrease was primarily due to lower crop insurance commission expenses.

The provision for credit losses was $2 million in 2011, compared with $80 million in 2010. The decrease was primarily due to lower net write-offs of construction and forestry equipment retail notes, revolving charge accounts and operating loans as well as a decrease in the allowance for credit losses. Total net write-offs of Receivables financed were $25 million during 2011, compared with $89 million in 2010. The provision for credit losses, as a percentage of the total average balance of Receivables financed, was .01 percent for 2011 and .43 percent for 2010.

The provision for income taxes totaled $209 million in 2011, compared with $159 million in 2010. The increase was primarily due to higher pre-tax income and a higher effective tax rate.

Receivables and Leases Acquired and Held

For the 2011 and 2010 fiscal years, Receivable and Lease acquisition volumes and balances held were as follows (in millions of dollars):

	Fiscal Year Volumes			Balance at October 31		
	2011	2010	% Change	2011	2010	% Change
Retail notes:						
Agriculture and turf equipment	$ 7,222.4	$ 6,442.3	12%	$ 12,712.7	$ 11,111.3	14%
Construction and forestry equipment	742.6	577.4	29	1,155.5	1,138.3	2
Recreational products				3.5	4.6	(24)
Total retail notes	7,965.0	7,019.7	13	13,871.7	12,254.2	13
Revolving charge accounts	5,087.4	4,629.9	10	2,452.5	2,287.9	7
Wholesale receivables	29,395.2	22,068.6	33	5,211.7	4,658.7	12
Financing leases	250.6	225.0	11	458.7	420.4	9
Operating loans	304.7	333.1	(9)	84.0	239.1	(65)
Equipment on operating leases	707.1	662.1	7	1,232.1	1,141.8	8
Total Receivables and Leases	$ 43,710.0	$ 34,938.4	25%	$ 23,310.7	$ 21,002.1	11%

Retail note volumes increased primarily due to increases in retail sales of John Deere equipment and increased market coverage. Revolving charge account volumes increased primarily as a result of increased farm input costs and increased market coverage. Wholesale receivable volumes increased primarily due to increased shipments of John Deere equipment as a result of increased retail sales activity.

Receivables and Leases administered by the Company were as follows (in millions):

	October 31, 2011	October 31, 2010
Receivables and Leases administered:		
Owned by the Company	$ 20,387.5	$ 18,737.2
Owned by the Company — restricted due to securitization	2,923.2	2,264.9
Total Receivables and Leases owned by the Company	23,310.7	21,002.1
Administered - with limited recourse*	28.3	59.6
Administered - without recourse**	10.2	20.6
Total Receivables and Leases administered	$ 23,349.2	$ 21,082.3

* The Company's maximum exposure under all Receivable and Lease recourse provisions at October 31, 2011 and 2010 was $3 million and $5 million, respectively. The Company does not record the recourse obligations as liabilities as they are contingent liabilities that are remote at this time. However, the probable loss on Receivables and Leases that have been sold was accrued at the time of sale, and any subsequent necessary adjustments are made as part of ongoing reviews.

** Represents Receivables and Leases that the Company has sold but continues to administer for a fee.

Retail notes bearing fixed finance rates totaled approximately 95 percent of the total retail note portfolio at October 31, 2011 and 2010.

Total Receivable amounts 30 days or more past due and still accruing finance income were $240 million at October 31, 2011, compared with $327 million at October 31, 2010. These past due amounts represented 1.09 percent and 1.65 percent of the Receivables financed at October 31, 2011 and 2010, respectively. Total non-performing Receivables, which represent loans the Company has ceased accruing finance income, were $79 million and $120 million at October 31, 2011 and 2010, respectively. The total non-performing Receivables as a percentage of the ending Receivables balance was .36 percent and .61 percent at October 31, 2011 and 2010, respectively. See Note 5 to the consolidated financial statements for additional past due information.

Deposits withheld from dealers and merchants, representing mainly the aggregate dealer retail note and lease withholding accounts from individual John Deere dealers to which losses from retail notes and leases originating from the respective dealers can be charged, amounted to $170 million at October 31, 2011, compared with $165 million at October 31, 2010. The Company's allowance for credit losses on all Receivables financed at October 31, 2011 totaled $126 million and represented .57 percent of the total Receivables financed, compared with $149 million and .75 percent, respectively, at October 31, 2010. The allowance is subject to an ongoing evaluation based on many quantitative and qualitative factors, including historical loss experience by product category, portfolio duration, delinquency trends, economic conditions and credit risk quality.

Capital Resources and Liquidity

The aggregate net cash provided by financing and operating activities was used primarily to increase Receivables and Leases. Net cash provided by operating activities was $561 million in 2012. Net cash provided by financing activities totaled $3,364 million resulting from a net increase in total external borrowings of $3,715 million and a capital investment from Deere & Company of $160 million, partially offset by a decrease in payables to John Deere of $479 million. Net cash used for investing activities totaled $3,657 million in 2012, primarily due to the cost of Receivables (excluding wholesale) and cost of equipment on operating leases exceeding the collection of Receivables (excluding wholesale) and the proceeds from sales of equipment on operating leases by $2,401 million, and an increase in wholesale receivables of $1,339 million. Cash and cash equivalents increased $266 million during 2012.

Over the last three years, operating activities have provided $2,247 million in cash. In addition, an increase in total net borrowings provided $5,454 million, capital investments from Deere & Company provided $160 million and the proceeds from sales of Receivables provided $55 million. These amounts have been used mainly to fund Receivable (excluding wholesale) and Lease acquisitions which exceeded collections of Receivables (excluding wholesale) and proceeds from sales of equipment on operating leases by $5,725 million, to acquire wholesale receivables of $2,618 million, and to pay $489 million in dividends. Cash and cash equivalents decreased $242 million over the three-year period.

The Company relies on its ability to raise substantial amounts of funds to finance its Receivable and Lease portfolios. Given the continued uncertainty in the global economy, there has been a reduction in liquidity in some global markets that continues to affect the funding activities of the Company. However, the Company has access to most global markets at a reasonable cost and expects to have sufficient sources of global funding and liquidity to meet its funding needs. The Company's exposures to receivables from customers in European countries experiencing economic strains are not significant. The Company's ability to meet its debt obligations is supported in a number of ways. The assets of the Company are self-liquidating in nature. A solid equity position is available to absorb unusual losses on these assets and all commercial paper is backed by unsecured, committed borrowing lines from various banks. Liquidity is also provided by the Company's ability to securitize these assets and through the issuance of term debt. Additionally, liquidity may be provided through loans from John Deere. The Company's commercial paper outstanding at October 31, 2012 and 2011 was approximately $995 million and $760 million, respectively, while the total cash and cash equivalents position was $628 million and $362 million, respectively. The amount of the total cash and cash equivalents held by foreign subsidiaries, in which earnings are considered indefinitely reinvested, was approximately $52 million and $55 million at October 31, 2012 and 2011, respectively.

The Capital Corporation has a revolving credit agreement to utilize bank conduit facilities to securitize retail notes (see Note 6). At October 31, 2012, the facility had a total capacity, or "financing limit," of up to $2,750 million of secured financings at any time. The facility was renewed in November 2012 with a capacity of $3,000 million. After a three-year revolving period, unless the banks and Capital Corporation agree to renew, Capital Corporation would liquidate the secured borrowings over time as payments on the retail notes are collected. At October 31, 2012, $1,314 million of short-term securitization borrowings was outstanding under the agreement.

During 2012, the Company issued $7,234 million and retired $4,589 million of long-term borrowings. The long-term borrowings retirements included $1,500 million of 7% Notes due in March 2012. The remaining issuances and retirements were primarily medium-term notes. During 2012, the Company also issued $2,775 million and retired $1,978 million of retail note securitization borrowings and maintained an average commercial paper balance of $1,156 million. At October 31, 2012, the Company's funding profile included $995 million of commercial paper, $3,575 million of securitization borrowings, $516 million of intercompany loans from John Deere, $18,683 million of unsecured term debt, and $3,064 million of equity capital. The Company's funding profile may be altered to reflect such factors as relative costs of funding sources, assets available for securitizations and capital market accessibility.

Total interest-bearing indebtedness amounted to $23,783 million at October 31, 2012, compared with $20,640 million at October 31, 2011. Total short-term indebtedness amounted to $9,013 million at October 31, 2012, compared with $9,250 million at October 31, 2011. Total long-term indebtedness amounted to $14,770 million at October 31, 2012, compared with $11,390 million at October 31, 2011. The ratio of total interest-bearing debt, including securitization indebtedness, to stockholder's equity was 7.8 to 1 and 8.1 to 1 at October 31, 2012 and 2011, respectively.

Stockholder's equity was $3,064 million at October 31, 2012, compared with $2,553 million at October 31, 2011. The increase in 2012 was primarily due to net income attributable to the Company of $383 million and Deere & Company's additional $160 million investment in JDFS, which in turn increased its investment in the Capital Corporation, partially offset by a change in cumulative translation adjustment of $29 million and a $3 million unrealized loss on derivatives.

The Capital Corporation did not declare or pay cash dividends to JDFS in 2012. This compares to $294 million declared and paid to JDFS in 2011. In 2011, JDFS paid comparable dividends to Deere & Company.

Lines of Credit

Capital Corporation also has access to bank lines of credit with various banks throughout the world. Some of the lines are available to both John Deere Capital Corporation and Deere & Company. Worldwide lines of credit totaled $5,005 million at October 31, 2012, $3,793 million of which were unused. For the purpose of computing unused credit lines, commercial paper and short-term bank borrowings, excluding secured borrowings and the current portion of long-term borrowings, of the Capital Corporation and John Deere were considered to constitute utilization. Included in the total credit lines at October 31, 2012 were long-term credit facility agreements for $2,750 million, expiring in April 2015, and $1,500 million, expiring in April 2017. The credit agreements require the Capital Corporation to maintain its consolidated ratio of earnings to fixed charges at not less than 1.05 to 1 for each fiscal quarter and its ratio of senior debt, excluding securitization indebtedness, to capital base (total subordinated debt and stockholder's equity excluding accumulated other comprehensive income (loss)) at not more than 11 to 1 at the end of any fiscal quarter. All of these requirements of the credit agreements have been met during the periods included in the consolidated financial statements.

Debt Ratings

The Company's ability to obtain funding is affected by its debt ratings, which are closely related to the outlook for and the financial condition of John Deere, and the nature and availability of support facilities, such as its lines of credit and the support agreement with Deere & Company.

To access public debt capital markets, the Company relies on credit rating agencies to assign short-term and long-term credit ratings to the Company's securities as an indicator of credit quality for fixed income investors. A credit rating agency may change or withdraw Company ratings based on its assessment of the Company's current and future ability to meet interest and principal repayment obligations. Each agency's rating should be evaluated independently of any other rating. Lower credit ratings generally result in higher borrowing costs, including costs of derivative transactions, and reduced access to debt capital markets.

The senior long-term and short-term debt ratings and outlook currently assigned to unsecured Company debt securities by the rating agencies engaged by the Company are the same as those for John Deere. Those ratings are as follows:

	Senior Long-Term	Short-Term	Outlook
Moody's Investors Service, Inc.	A2	Prime-1	Stable
Standard & Poor's	A	A-1	Stable

Safe Harbor Statement

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: Statements under "Overview," "Outlook for John Deere" and other forward-looking statements herein that relate to future events, expectations, trends and operating periods involve certain factors that are subject to change, and important risks and uncertainties that could cause actual results to differ materially.

Factors that could materially affect the Company's operations, access to capital, expenses and results include changing worldwide economic conditions, and changes in and the impact of governmental trade, banking, monetary and fiscal policies, including financial regulatory reform and its effects on the consumer finance industry, derivatives, funding costs and other areas. Actions by the U.S. Federal Reserve Board and other central banks and regulators may affect the costs and expenses of financing the Company and the financing rates it is able to offer. The Company's business is affected by general economic conditions in and the political stability of the global markets in which the Company operates because deteriorating economic conditions and political instability can result in decreased customer confidence, lower demand for equipment, higher credit losses and greater currency risk. Customer and Company operations and results could also be affected by changes in weather patterns (including the effects of drought conditions in part of the U.S. and drier than normal conditions in certain other markets). The Company's business is also affected by actions of banks, financing and leasing companies and other lenders that compete with the Company for customers; capital market disruptions; significant changes in capital market liquidity and associated funding costs; interest rates and foreign currency exchange rates and their volatility.

Significant changes in market liquidity conditions and any failure to comply with financial covenants in credit agreements could impact access to funding and funding costs, which could reduce the Company's earnings and cash flows. Financial market conditions could also negatively impact customer access to capital for purchases of John Deere's products and customer confidence and purchase decisions; borrowings and repayment practices; and the number and size of customer loan delinquencies and defaults. The sovereign debt crisis, in Europe or elsewhere, could negatively impact currencies, global financial markets, social and political stability, funding sources and costs, asset and obligation values, customers, and Company operations and results. State debt crises also could negatively impact customers, demand for equipment, and Company operations and results. Security breaches and other disruptions to the Company's information technology infrastructure also could materially affect results. The Company's operations could be impaired by changes in the equity and bond markets, which would negatively affect earnings.

The liquidity and ongoing profitability of the Company depend largely on timely access to capital to meet future cash flow requirements and fund operations and the costs associated with engaging in diversified funding activities and to fund purchases of John Deere's products. If market uncertainty increases and general economic conditions worsen, funding could be unavailable or insufficient. Additionally, customer confidence levels may result in declines in credit applications and increases in delinquencies and default rates, which could materially impact the Company's write-offs and provision for credit losses.

In addition, the Company's business is closely related to John Deere's business. Further information, including factors that potentially could materially affect the Company's and John Deere's financial results, is included in the most recent Deere & Company Form 10-K and Form 10-Q (including, but not limited to, the factors discussed in Item 1A. Risk Factors of the Form 10-K and quarterly report on Form 10-Q) and other Deere & Company and Capital Corporation filings with the SEC.

Off-Balance Sheet Arrangements

The Company had other miscellaneous contingencies totaling approximately $2 million at October 31, 2012, for which it believes the probability for payment is substantially remote. The Company's accrued liability at October 31, 2012 related to these contingencies was not material.

Aggregate Contractual Obligations

The payment schedule for the Company's contractual obligations at October 31, 2012 in millions of dollars is as follows:

	Total	Less than 1 year	2 & 3 years	4 & 5 years	More than 5 years
On-balance-sheet					
Total debt*	$ 23,296**	$ 7,277	$ 7,844	$ 4,024	$ 4,151
Interest relating to debt***	1,428	327	444	301	356
Accounts payable	242	242			
Deposits withheld from dealers and merchants	172	58	77	34	3
Off-balance-sheet					
Purchase obligations	6	4	2		
Operating leases	4	2	2		
Total	$ 25,148	$ 7,910	$ 8,369	$ 4,359	$ 4,510

* Principal payments.

** Securitization borrowings of $3,575 million classified as short-term on the balance sheet related to the securitization of retail notes are included in this table based on the expected payment schedule (see Note 9).

*** Includes projected payments related to interest rate swaps.

The previous table does not include unrecognized tax benefit liabilities of approximately $32 million at October 31, 2012 since the timing of future payments is not reasonably estimable at this time (see Note 16). It also does not include unused commitments to extend credit to customers and John Deere dealers as discussed in Note 19 to the consolidated financial statements. For additional information regarding short-term borrowings, long-term borrowings and lease obligations, see Notes 9, 10 and 11, respectively, to the Consolidated Financial Statements.

Critical Accounting Policies

The preparation of the Company's consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses. Changes in these estimates and assumptions could have a significant effect on the financial statements. The accounting policies below are those management believes are the most critical to the preparation of the Company's financial statements and require the most difficult, subjective or complex judgments. The Company's other accounting policies are described in the Notes to the Consolidated Financial Statements.

Allowance for Credit Losses

The allowance for credit losses represents an estimate of the losses expected from the Company's Receivable portfolio. The level of the allowance is based on many quantitative and qualitative factors, including historical loss experience by product category, portfolio duration, delinquency trends, economic conditions and credit risk quality. The adequacy of the allowance is assessed quarterly. Different assumptions or changes in economic conditions would result in changes to the allowance for credit losses and the provision for credit losses.

The total allowance for credit losses at October 31, 2012, 2011 and 2010 was $114 million, $126 million and $149 million, respectively. The decreases in 2012 and 2011 were primarily due to decreases in loss experience.

The assumptions used in evaluating the Company's exposure to credit losses involve estimates and significant judgment. The historical loss experience on the Receivable portfolios represents one of the key assumptions involved in determining the allowance for credit losses. Over the last five fiscal years, this percent has varied by an average of approximately plus or minus .21 percent, compared to the average loss experience percent during that period. Holding other assumptions constant, if this estimated loss experience on the Receivable portfolio were to increase or decrease .21 percent, the allowance for credit losses at October 31, 2012 would increase or decrease by approximately $53 million.

Operating Lease Residual Values

The carrying value of the equipment on operating leases is affected by the estimated fair values of the equipment at the end of the lease (residual values). Upon termination of the lease, the equipment is either purchased by the lessee or sold to a third party, in which case the Company may record a gain or a loss for the difference between the estimated residual value and the sales price. The residual values are dependent on current economic conditions and are reviewed quarterly. Changes in residual value assumptions would affect the amount of depreciation expense and the amount of investment in equipment on operating leases.

The total operating lease residual values at October 31, 2012, 2011 and 2010 were $1,007 million, $859 million and $788 million, respectively. The changes in 2012 and 2011 were primarily due to the increasing levels of operating leases.

Estimates used in determining end of lease market values for equipment on operating leases significantly impact the amount and timing of depreciation expense. If future market values for this equipment were to decrease 10 percent from the Company's present estimates, the total impact would be to increase the Company's annual depreciation for equipment on operating leases by approximately $43 million.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Financial Instrument Risk Information

The Company is naturally exposed to various interest rate and foreign currency risks. As a result, the Company enters into derivative transactions to manage certain of these exposures that arise in the normal course of business and not for the purpose of creating speculative positions or trading. The Company manages the relationships of the types and amounts of its funding sources to its Receivable and Lease portfolios in an effort to diminish risk due to interest rate and foreign currency fluctuations, while responding to favorable financing opportunities. Accordingly, from time to time, the Company enters into interest rate swap agreements to manage its interest rate exposure. The Company also has foreign currency exposures at some of its foreign and domestic operations related to financing in currencies other than the functional currencies. The Company has entered into agreements related to the management of these foreign currency transaction risks.

Interest Rate Risk

Quarterly, the Company uses a combination of cash flow models to assess the sensitivity of its financial instruments with interest rate exposure to changes in market interest rates. The models calculate the effect of adjusting interest rates as follows. Cash flows for Receivables are discounted at the current prevailing rate for each Receivable portfolio. Cash flows for unsecured borrowings are discounted at the applicable benchmark yield curve plus market credit spreads for similarly rated borrowers. Cash flows for securitized borrowings are discounted at the swap yield curve plus a market credit spread for similarly rated borrowers. Cash flows for interest rate swaps are projected and discounted using forward rates from the swap yield curve at the repricing dates. The net loss in these financial instruments' fair value which would be caused by increasing the interest rates by 10 percent from the market rates at October 31, 2012 and 2011 would have been approximately $87 million and $98 million, respectively.

Foreign Currency Risk

The Company’s policy is to hedge the foreign currency risk if the currency of the borrowings does not match the currency of the Receivable portfolio. As a result, a hypothetical 10 percent adverse change in the value of the U.S. dollar relative to all other foreign currencies would not have a material effect on the Company’s cash flows.

Item 8 . Financial Statements and Supplementary Data .

See accompanying table of contents of financial statements.

Item 9 . Changes in and Disagreements with Accountants on Accounting and Financial Disclosure .

Not applicable.

Item 9A . Controls and Procedures .

Disclosure Controls and Procedures

The Company’s principal executive officer and its principal financial officer have concluded that the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act)) were effective as of October 31, 2012, based on the evaluation of these controls and procedures required by Rule 13a-15(b) or 15d-15(b) of the Exchange Act.

Management’s Report on Internal Control Over Financial Reporting

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting. John Deere Capital Corporation’s internal control system was designed to provide reasonable assurance regarding the preparation and fair presentation of published financial statements in accordance with generally accepted accounting principles.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation in accordance with generally accepted accounting principles.

Management assessed the effectiveness of the Company’s internal control over financial reporting as of October 31, 2012, using the criteria set forth in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment, management believes that, as of October 31, 2012, the Company’s internal control over financial reporting was effective.

This annual report does not include an attestation report of the Company’s independent registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by the Company’s independent registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management’s report in this annual report.

Item 9B . Other Information .

Not applicable.

PART III

Item 10 . Directors, Executive Officers and Corporate Governance .

Omitted pursuant to instruction I(2).

Item 11 . Executive Compensation .

Omitted pursuant to instruction I(2).

Item 12 . Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters .

Omitted pursuant to instruction I(2).

Item 13 . Certain Relationships and Related Transactions, and Director Independence .

Omitted pursuant to instruction I(2).

Item 14 . Principal Accountant Fees and Services .

For the years ended October 31, 2012 and 2011, professional services were performed by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively called Deloitte & Touche).

Audit Fees

The aggregate fees billed include amounts for the audit of the Company's annual financial statements, the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q, including services related thereto such as comfort letters, statutory audits, attest services, consents, and assistance with and review of documents filed with the SEC and other regulatory bodies. Audit fees for the fiscal years ended October 31, 2012 and 2011, were $2,627 thousand and $2,739 thousand, respectively.

Audit-Related Fees

During the last two fiscal years, Deloitte & Touche has provided the Company with assurance and related services that are reasonably related to the performance of the audit of the Company's financial statements. The aggregate fees billed for such audit-related services for the fiscal years ended October 31, 2012 and 2011 were $215 thousand and $104 thousand, respectively. These services included various attest services.

Tax Fees

There were no aggregate fees billed for professional services provided by Deloitte & Touche in connection with tax advice and tax planning services for the fiscal years ended October 31, 2012 and 2011.

All Other Fees

There were no aggregate fees billed by Deloitte & Touche for services not included above for the fiscal years ended October 31, 2012 and 2011.

Pre-approval of Services by the Independent Registered Public Accounting Firm

As a wholly-owned subsidiary of Deere & Company, audit and non-audit services provided by the Company's independent registered public accounting firm are subject to Deere & Company's Audit Review Committee pre-approval policies and procedures as described in the Deere & Company 2012 proxy statement. During the fiscal year ended October 31, 2012, all services provided by the independent registered public accounting firm were pre-approved by Deere & Company's Audit Review Committee in accordance with such policy.

PART IV

Item 15 . Exhibits and Financial Statement Schedules .

(1) Financial Statements

(2) Financial Statement Schedules

See the table of contents to financial statements and schedules immediately preceding the financial statements and schedules to consolidated financial statements.

(3) Exhibits

See the index to exhibits immediately preceding the exhibits filed with this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

JOHN DEERE CAPITAL CORPORATION

By: */s/ Samuel R. Allen*
Samuel R. Allen
Chairman and Principal Executive Officer

Date: December 17, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Each person signing below also hereby appoints Samuel R. Allen, James A. Israel and Gregory R. Noe, and each of them singly, his or her lawful attorney-in-fact with full power to execute and file any and all amendments to this report together with exhibits thereto and generally to do all such things as such attorney-in-fact may deem appropriate to enable John Deere Capital Corporation to comply with the provisions of the Securities Exchange Act of 1934 and all requirements of the Securities and Exchange Commission.

Signature	Title	Date
/s/ Samuel R. Allen Samuel R. Allen	Director, Chairman and Principal Executive Officer	December 17, 2012
/s/ James M. Field James M. Field	Director	
/s/ James A. Israel James A. Israel	Director and President	
/s/ Rajesh Kalathur Rajesh Kalathur	Director, Senior Vice President Director and Principal Financial Officer (and Principal Accounting Officer)	
/s/ Jenny R. Kimball Jenny R. Kimball	Director	

Signature	Title		Date
/s/ Michael J. Mack, Jr. Michael J. Mack, Jr.	Director	)	
/s/ John C. May John C. May	Director	)	
/s/ Daniel C. McCabe Daniel C. McCabe	Director	)	December 17, 2012
/s/ Lawrence W. Sidwell Lawrence W. Sidwell	Director	)	
/s/ Markwart von Pentz Markwart von Pentz	Director	)	

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SCHEDULES OMITTED

The following schedules are omitted because of the absence of conditions under which they are required or because the required information is included in the Notes to the Consolidated Financial Statements:

I, II, III, IV, and V.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

John Deere Capital Corporation:

We have audited the accompanying consolidated balance sheets of John Deere Capital Corporation and subsidiaries (the "Company") as of October 31, 2012 and 2011, and the related statements of consolidated income, of changes in consolidated stockholder's equity, and of consolidated cash flows for each of the three years in the period ended October 31, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company at October 31, 2012 and 2011 and the results of its operations and its cash flows for each of the three years in the period ended October 31, 2012 in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP
Chicago, Illinois

December 17, 2012

John Deere Capital Corporation and Subsidiaries
Statements of Consolidated Income
For the Years Ended October 31, 2012, 2011 and 2010
(in millions)

	2012	2011	2010
Revenues			
Finance income earned on retail notes	$ 711.0	$ 699.3	$ 691.7
Revolving charge account income	258.0	263.8	267.8
Finance income earned on wholesale receivables	324.2	289.3	256.0
Lease revenues	310.6	297.2	290.3
Operating loan income	2.7	7.4	10.3
Crop insurance commissions			74.6
Other income - net	68.1	64.4	91.6
Total revenues	1,674.6	1,621.4	1,682.3
Expenses			
Interest expense	455.6	479.3	533.6
Operating expenses:			
Administrative and operating expenses	339.3	332.8	369.9
Fees paid to John Deere	78.7	43.4	34.1
Provision (credit) for credit losses	(.2)	1.9	79.7
Depreciation of equipment on operating leases	202.1	192.4	187.1
Total operating expenses	619.9	570.5	670.8
Total expenses	1,075.5	1,049.8	1,204.4
Income of consolidated group before income taxes	599.1	571.6	477.9
Provision for income taxes	217.8	209.2	159.4
Income of consolidated group	381.3	362.4	318.5
Equity in income of unconsolidated affiliate	1.4	1.2	.9
Net income	382.7	363.6	319.4
Less: Net income attributable to noncontrolling interest			
Net income attributable to the Company	$ 382.7	$ 363.6	$ 319.4

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

John Deere Capital Corporation and Subsidiaries
Consolidated Balance Sheets
As of October 31, 2012 and 2011
(in millions)

	2012	2011
Assets		
Cash and cash equivalents	$ 628.4	$ 362.1
Receivables:		
Retail notes	12,093.5	10,948.5
Retail notes securitized	3,635.3	2,923.2
Revolving charge accounts	2,427.7	2,452.5
Wholesale receivables	6,483.1	5,211.7
Financing leases	522.4	458.7
Operating loans	42.3	84.0
Total receivables	25,204.3	22,078.6
Allowance for credit losses	(114.0)	(126.3)
Total receivables — net	25,090.3	21,952.3
Other receivables	31.2	25.8
Receivable from John Deere	365.7	169.3
Equipment on operating leases — net	1,418.2	1,232.1
Investment in unconsolidated affiliate	8.7	8.1
Deferred income taxes	14.6	
Other assets	536.8	581.6
Total Assets	$ 28,093.9	$ 24,331.3
Liabilities and Stockholder's Equity		
Short-term borrowings:		
Commercial paper and other notes payable	$ 1,009.3	$ 761.2
Securitization borrowings	3,574.8	2,777.4
John Deere	516.4	1,057.9
Current maturities of long-term borrowings	3,912.9	4,653.1
Total short-term borrowings	9,013.4	9,249.6
Other payables to John Deere	28.2	21.0
Accounts payable and accrued expenses	757.7	671.3
Deposits withheld from dealers and merchants	171.8	170.0
Deferred income taxes	289.3	276.4
Long-term borrowings	14,769.9	11,389.6
Total liabilities	25,030.3	21,777.9
Commitments and contingencies (Note 19)		
Stockholder's equity:		
Common stock, without par value (issued and outstanding - 2,500 shares owned by John Deere Financial Services, Inc.)	1,432.8	1,272.8
Retained earnings	1,608.8	1,226.1
Accumulated other comprehensive income (loss):		
Cumulative translation adjustment	33.2	62.4
Unrealized loss on derivatives	(11.6)	(8.3)
Total accumulated other comprehensive income	21.6	54.1
Total Company stockholder's equity	3,063.2	2,553.0
Noncontrolling interests	.4	.4
Total stockholder's equity	3,063.6	2,553.4
Total Liabilities and Stockholder's Equity	$ 28,093.9	$ 24,331.3

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

John Deere Capital Corporation and Subsidiaries
Statements of Consolidated Cash Flows
For the Years Ended October 31, 2012, 2011 and 2010
(in millions)

	2012	2011	2010
Cash Flows from Operating Activities:			
Net income	$ 382.7	$ 363.6	$ 319.4
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision (credit) for credit losses	(.2)	1.9	79.7
Provision for depreciation and amortization	218.7	211.8	204.4
Provision for deferred income taxes	.1	103.3	86.9
Undistributed earnings of unconsolidated affiliate	(1.3)	(1.0)	(.9)
Change in accounts payable and accrued expenses	(3.7)	26.9	(27.4)
Change in accrued income taxes payable/receivable	25.7	(28.7)	12.5
Other	(61.0)	40.9	292.8
Net cash provided by operating activities	561.0	718.7	967.4
Cash Flows from Investing Activities:			
Cost of receivables acquired (excluding wholesale)	(14,889.2)	(13,607.7)	(12,207.7)
Collections of receivables (excluding wholesale)	12,874.4	11,983.6	11,073.4
Increase in wholesale receivables - net	(1,339.0)	(520.2)	(758.7)
Cost of equipment on operating leases acquired	(882.4)	(707.1)	(662.1)
Proceeds from sales of equipment on operating leases	496.7	431.9	371.3
Cost of notes receivable with John Deere		(24.5)	(123.3)
Collection of notes receivable with John Deere		600.0	287.0
Proceeds from sales of receivables	34.5	2.4	18.3
Change in restricted cash	(5.6)	(.6)	(6.4)
Increase (decrease) in collateral on derivatives received - net	11.9	(60.7)	6.9
Other	41.3	21.1	(1.9)
Net cash used for investing activities	(3,657.4)	(1,881.8)	(2,003.2)
Cash Flows from Financing Activities:			
Increase (decrease) in commercial paper and other notes payable — net	272.0	(649.2)	1,292.3
Increase (decrease) in securitization borrowings — net	797.3	568.5	(900.3)
Increase (decrease) in payable to John Deere — net	(478.7)	(209.5)	1,229.2
Proceeds from issuance of long-term borrowings	7,233.7	4,620.5	1,653.8
Payments of long-term borrowings	(4,588.5)	(2,851.9)	(2,535.6)
Dividends paid		(294.0)	(195.0)
Capital investment from John Deere	160.0		
Debt issuance costs	(31.7)	(27.8)	(17.9)
Net cash provided by financing activities	3,364.1	1,156.6	526.5
Effect of exchange rate changes on cash and cash equivalents	(1.4)	12.9	(5.6)
Net increase (decrease) in cash and cash equivalents	266.3	6.4	(514.9)
Cash and cash equivalents at the beginning of year	362.1	355.7	870.6
Cash and cash equivalents at the end of year	$ 628.4	$ 362.1	$ 355.7

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

John Deere Capital Corporation and Subsidiaries
Statements of Changes in Consolidated Stockholder's Equity
For the Years Ended October 31, 2010, 2011 and 2012
(in millions)

		Company Stockholder				
	Total Stockholder's Equity	**Comprehensive Income (Loss)**	**Common Stock**	**Retained Earnings**	**Total Accumulated Other Comprehensive Income (Loss)**	**Non-Controlling Interests**
Balance October 31, 2009	$ 2,317.0		$ 1,272.8	$ 1,032.1	$ 11.7	$ .4
Net income	319.4	$ 319.4		319.4		
Other comprehensive income (loss):						
Cumulative translation adjustment	(7.2)	(7.2)			(7.2)	
Unrealized gain on derivatives	14.9	14.9			14.9	
Total comprehensive income	327.1	$ 327.1				
Dividends paid	(195.0)			(195.0)		
Balance October 31, 2010	2,449.1		1,272.8	1,156.5	19.4	.4
Net income	363.6	$ 363.6		363.6		
Other comprehensive income (loss):						
Cumulative translation adjustment	13.8	13.8			13.8	
Unrealized gain on derivatives	20.9	20.9			20.9	
Total comprehensive income	398.3	$ 398.3				
Dividends paid	(294.0)			(294.0)		
Balance October 31, 2011	2,553.4		1,272.8	1,226.1	54.1	.4
Net income	382.7	$ 382.7		382.7		
Other comprehensive income (loss):						
Cumulative translation adjustment	(29.2)	(29.2)			(29.2)	
Unrealized loss on derivatives	(3.3)	(3.3)			(3.3)	
Total comprehensive income	350.2	$ 350.2				
Capital investment	160.0		160.0			
Balance October 31, 2012	$ 3,063.6		$ 1,432.8	$ 1,608.8	$ 21.6	$ .4

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Note 1 . Organization and Consolidation

Corporate Organization

John Deere Capital Corporation and its subsidiaries (Capital Corporation), and its other consolidated entities are collectively called the Company. John Deere Financial Services, Inc. (JDFS), a wholly-owned finance holding subsidiary of Deere & Company, owns all of the outstanding common stock of John Deere Capital Corporation. The Company conducts business in Australia, New Zealand, the U.S., and in several countries in Asia, Europe and Latin America. Deere & Company and its wholly-owned subsidiaries are collectively called John Deere.

In August 2010, the Company sold John Deere Risk Protection, the crop insurance managing general agency, to JDFS at its carrying value.

Retail notes, revolving charge accounts, wholesale receivables, financing leases and operating loans are collectively called "Receivables." Receivables and equipment on operating leases are collectively called "Receivables and Leases."

The Company bears substantially all of the credit risk (net of recovery from withholdings from certain John Deere dealers, and customer guarantees from certain John Deere dealers and John Deere Financial multi-use and PowerPlan ® merchants) associated with its holding of Receivables and Leases. A small portion of the Receivables and Leases held (less than 5 percent) is guaranteed by certain subsidiaries of Deere & Company. The Company also performs substantially all servicing and collection functions. Servicing and collection functions for a small portion of the Receivables and Leases held (less than 5 percent) are provided by John Deere. John Deere is reimbursed for staff and other administrative services at estimated cost, and for credit lines provided to the Company based on utilization of those lines.

Principles of Consolidation

The consolidated financial statements include the financial statements of John Deere Capital Corporation and its subsidiaries. The consolidated financial statements represent primarily the consolidation of all companies in which John Deere Capital Corporation has a controlling interest. Certain variable interest entities (VIEs) are consolidated since the Capital Corporation has both the power to direct the activities that most significantly impact the VIEs' economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIEs. The Capital Corporation records its investment in each unconsolidated affiliated company (generally 20 to 50 percent ownership) at its related equity in the net assets of such affiliate (see Note 24).

Variable Interest Entities

The Capital Corporation is the primary beneficiary of and consolidates certain VIEs that are special purpose entities (SPEs) related to the securitization of receivables. These restricted retail notes are included in the retail notes securitized shown in the table in Note 6.

During the first quarter of 2011, the VIE created by the Capital Corporation's parent, JDFS, that serves as a centralized hedging center, was merged into JDFS. As a result, the VIE was deconsolidated with no gains or losses recognized. All of the Capital Corporation's derivative agreements and transactions outstanding with the VIE at the time of the merger were assumed by JDFS. In conjunction with this merger, the Capital Corporation began utilizing JDFS as a centralized hedging center to execute certain derivative transactions. Further detail regarding the structure of this centralized hedging center can be found in Note 22.

Note 2 . Summary of Significant Accounting Policies

The following are significant accounting policies in addition to those included in other Notes to the Consolidated Financial Statements.

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts and related disclosures. Actual results could differ from those estimates.

Revenue Recognition

Financing revenue is recorded over the lives of the related receivables using the interest method. Deferred costs on the origination of receivables are recognized as a reduction in finance revenue over the expected lives of the receivables using the interest method. Income and deferred costs on the origination of operating leases are recognized on a straight-line basis over the scheduled lease terms in finance revenue.

Securitization of Receivables

Certain financing receivables are periodically transferred to SPEs in securitization transactions (see Note 6). These securitizations qualify as collateral for secured borrowings and no gains or losses are recognized at the time of securitization. The receivables remain on the balance sheet and are classified as "Retail notes securitized." The Company recognizes finance income over the lives of these retail notes using the interest method.

Depreciation

Equipment on operating leases is depreciated over the terms of the leases using the straight-line method.

Derivative Financial Instruments

It is the Company's policy that derivative transactions are executed only to manage exposures arising in the normal course of business and not for the purpose of creating speculative positions or trading. The Company manages the relationship of the types and amounts of its funding sources to its receivable and lease portfolio in an effort to diminish risk due to interest rate and foreign currency fluctuations, while responding to favorable financing opportunities. The Company also has foreign currency exposures at some of its foreign and domestic operations related to financing in currencies other than the functional currencies.

All derivatives are recorded at fair value on the balance sheet. Cash collateral received or paid is not offset against the derivative fair values on the balance sheet. Each derivative is designated as either a cash flow hedge, a fair value hedge, or remains undesignated. Changes in the fair value of derivatives that are designated and effective as cash flow hedges are recorded in other comprehensive income and reclassified to the income statement when the effects of the item being hedged are recognized in the income statement. Changes in the fair value of derivatives that are designated and effective as fair value hedges are recognized currently in net income. These changes are offset in net income to the extent the hedge was effective by fair value changes related to the risk being hedged on the hedged item. Changes in the fair value of undesignated hedges are recognized currently in the income statement. All ineffective changes in derivative fair values are recognized currently in net income.

All designated hedges are formally documented as to the relationship with the hedged item as well as the risk-management strategy. Both at inception and on an ongoing basis the hedging instrument is assessed as to its effectiveness. If and when a derivative is determined not to be highly effective as a hedge, or the underlying hedged transaction is no longer likely to occur, or the hedge designation is removed, or the derivative is terminated, the hedge accounting discussed above is discontinued (see Note 22).

Foreign Currency Translation

The functional currencies for most of the Company’s foreign operations are their respective local currencies. The assets and liabilities of these operations are translated into U.S. dollars at the end of the period exchange rates. The revenues and expenses are translated at weighted-average rates for the period. The gains or losses from these translations are recorded in other comprehensive income. Gains or losses from transactions denominated in a currency other than the functional currency of the subsidiary involved and foreign exchange forward contracts are included in net income. The pretax net loss for foreign exchange in 2012, 2011 and 2010 was $28.0 million, $31.9 million and $32.1 million, respectively.

Note 3 . New Accounting Standards

New Accounting Standards Adopted

In the first quarter of 2012, the Company adopted the remaining provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2010-06, Improving Disclosures about Fair Value Measurements, which amends Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures. This ASU requires disclosures of transfers into and out of Levels 1 and 2, more detailed roll forward reconciliations of Level 3 recurring fair value measurements on a gross basis, fair value information by class of assets and liabilities, and descriptions of valuation techniques and inputs for Level 2 and Level 3 measurements. The effective date was the second quarter of fiscal year 2010 except for the roll forward reconciliations, which were required in the first quarter of fiscal year 2012. The adoption in 2010 and the adoption in the first quarter of 2012 did not have a material effect on the Company’s consolidated financial statements.

In the second quarter of 2012, the Company adopted FASB ASU No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs, which amends ASC 820, Fair Value Measurement. This ASU requires the categorization by level for items that are required to be disclosed at fair value and information about transfers between Level 1 and Level 2 and additional disclosure for Level 3 measurements. In addition, the ASU provides guidance on measuring the fair value of financial instruments managed within a portfolio and the application of premiums and discounts on fair value measurements. The adoption did not have a material effect on the Company’s consolidated financial statements.

New Accounting Standards to be Adopted

In June 2011, the FASB issued ASU No. 2011-05, Presentation of Comprehensive Income, which amends ASC 220, Comprehensive Income. This ASU requires the presentation of total comprehensive income, total net income and the components of net income and comprehensive income either in a single continuous statement or in two separate but consecutive statements. The effective date will be the first quarter of fiscal year 2013 and must be applied retrospectively. The adoption will not have a material effect on the Company’s consolidated financial statements.

In September 2011, the FASB issued ASU No. 2011-08, Testing Goodwill for Impairment, which amends ASC 350, Intangibles — Goodwill and Other. This ASU gives an entity the option to first assess qualitative factors to determine if goodwill is impaired. The entity may first determine based on qualitative factors if it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If that assessment indicates no impairment, the first and second steps of the quantitative goodwill impairment test are not required. The effective date will be the first quarter of fiscal year 2013. The adoption will have no effect on the Company’s consolidated financial statements.

In December 2011, the FASB issued ASU No. 2011-11, Disclosures about Offsetting Assets and Liabilities, which amends ASC 210, Balance Sheet. This ASU requires entities to disclose gross and net information about both instruments and transactions eligible for offset in the statement of financial position and those subject to an agreement similar to a master netting arrangement. This would include derivatives and other financial securities arrangements. The effective date will be the first quarter of fiscal year 2014 and must be applied retrospectively. The adoption will not have a material effect on the Company’s consolidated financial statements.

In July 2012, the FASB issued ASU No. 2012-02, Testing Indefinite-Lived Intangible Assets for Impairment, which amends ASC 350, Intangibles — Goodwill and Other. This ASU gives an entity the option to first assess qualitative factors to determine if indefinite-lived intangible assets are impaired. The entity may first determine based on qualitative factors if it is more likely than not that the fair value of indefinite-lived intangible assets are less than their carrying amount. If that assessment indicates no impairment, the quantitative impairment test is not required. The effective date will be the first quarter of fiscal year 2013. The adoption will have no effect on the Company's consolidated financial statements.

Note 4. Receivables

Retail Notes Receivable

The Company provides and administers financing for retail purchases of new equipment manufactured by John Deere's agriculture and turf and construction and forestry divisions and used equipment taken in trade for this equipment. The Company purchases retail installment sales and loan contracts (retail notes) from John Deere. These retail notes are acquired by John Deere through John Deere equipment retail dealers. The Company also purchases and finances a limited amount of retail notes unrelated to John Deere.

Retail notes receivable by product category at October 31 were as follows (in millions of dollars):

	2012		2011	
	Unrestricted	Securitized	Unrestricted	Securitized
Agriculture and turf equipment – new	$ 6,884.7	$ 1,254.2	$ 6,151.5	$ 1,105.2
Agriculture and turf equipment – used	4,637.8	1,871.9	4,282.4	1,491.6
Construction and forestry equipment – new	734.9	442.2	661.1	278.7
Construction and forestry equipment – used	138.6	111.1	159.4	84.0
Recreational products			3.5	
Total	12,396.0	3,679.4	11,257.9	2,959.5
Unearned finance income	(302.5)	(44.1)	(309.4)	(36.3)
Retail notes receivable	$ 12,093.5	$ 3,635.3	$ 10,948.5	$ 2,923.2

Retail notes acquired by the Company during the years ended October 31, 2012, 2011 and 2010 had an average original term (based on dollar amounts) of 54 months, 54 months and 55 months, respectively. Historically, because of prepayments, the average actual life of retail notes has been considerably shorter than the average original term. The average actual life for retail notes liquidated in 2012, 2011 and 2010 was 31 months, 34 months and 36 months, respectively.

Gross retail note installments at October 31 were scheduled to be received as follows (in millions of dollars):

	2012		2011	
	Unrestricted	Securitized	Unrestricted	Securitized
Due in:				
0-12 months	$ 3,882.0	$ 1,437.1	$ 3,605.0	$ 1,192.4
13-24 months	3,036.6	1,004.5	2,762.5	806.8
25-36 months	2,445.2	711.9	2,200.4	523.6
37-48 months	1,743.4	398.9	1,558.4	305.4
49-60 months	1,072.2	120.2	928.7	119.0
Over 60 months	216.6	6.8	202.9	12.3
Total	$ 12,396.0	$ 3,679.4	$ 11,257.9	$ 2,959.5

Company guidelines relating to down payment requirements and contract terms on retail notes are generally as follows:

	Down Payment	Contract Terms
Agriculture and turf equipment (new and used):		
Seasonal payments	10% - 30%	3-7 years
Monthly payments	10% - 20%	36-84 months
Construction and forestry equipment:		
New	10%	48-60 months
Used	15%	36-48 months

During 2012, 2011 and 2010, the Company received proceeds from sales of Receivables of $35 million, $2 million and $18 million, respectively. The Company's maximum exposure under all Receivable and Lease recourse provisions at October 31, 2012, 2011 and 2010 was $2 million, $3 million and $5 million, respectively. The Company does not record the recourse obligations as liabilities as they are contingent liabilities that are remote at this time. However, the probable loss on Receivables and Leases that have been sold was accrued at the time of sale, and any subsequent necessary adjustments are made as part of ongoing reviews. At October 31, 2012, 2011 and 2010, the balance of all Receivables and Leases administered, but not owned by the Company, was $16 million, $39 million and $80 million, respectively.

Finance income is recognized over the lives of the retail notes using the interest method. During 2012, the average effective yield on retail notes held by the Company was approximately 5.0 percent, compared with 5.5 percent in 2011 and 6.1 percent in 2010. Unearned finance income on variable-rate retail notes is adjusted monthly based on fluctuations in the base rate of a specified bank. Net costs incurred in the acquisition of retail notes are deferred and recognized over the expected lives of the retail notes using the interest method.

A portion of the finance income earned by the Company arises from financing of retail sales of John Deere equipment on which finance charges are waived or reduced by John Deere for a period from the date of the retail sale to a specified subsequent date. The Company receives compensation from John Deere equal to competitive market interest rates for periods during which finance charges have been waived or reduced on retail notes and leases. The Company computes the compensation from John Deere for waived or reduced finance charges based on the Company's estimated funding costs, administrative and operating expenses, credit losses, and required return on equity. The financing rate following the waiver or interest reduction period is not significantly different from the compensation rate from John Deere. The portions of the Company's finance income earned that were received from John Deere on retail notes containing waiver of finance charges or reduced rates were 23 percent, 20 percent and 24 percent in 2012, 2011 and 2010, respectively. During 2012, 2011 and 2010, the finance income earned from John Deere on retail notes containing waiver of finance charges or reduced rates was $163 million, $140 million and $164 million, respectively.

A deposit equal to one percent of the face amount of certain John Deere agriculture and turf equipment retail notes originating from each dealer is withheld by the Company from that dealer. Any subsequent retail note losses are charged against the withheld deposits. At the end of each calendar quarter, the balance of each dealer's withholding account in excess of a specified percent (ranging from one-half to three percent based on dealer qualifications) of the total balance outstanding on retail notes originating with that dealer is remitted to the dealer. To the extent that these deposits withheld from the dealer from whom the retail note was acquired cannot absorb a loss on a retail note, it is charged against the Company's allowance for credit losses. There is no withholding of dealer deposits on John Deere construction and forestry equipment retail notes.

The Company generally requires that theft and physical damage insurance be carried on all goods leased or securing retail notes and wholesale receivables. The customer may, at the customer's own expense, have the Company or the seller of the goods purchase this insurance or obtain it from other sources.

Revolving Charge Accounts Receivable

Revolving charge account income is generated primarily by three revolving credit products: John Deere Financial multi-use, PowerPlan ® and the John Deere Financial Revolving Plan. John Deere Financial multi-use is primarily used by farmers and ranchers to finance day-to-day operating expenses, such as parts and services. Merchants, including agribusinesses and dealers, offer John Deere Financial multi-use as an alternative to carrying in-house accounts receivable, and can initially sell existing balances to the Company under a recourse arrangement. John Deere Financial multi-use income includes a discount paid by merchants for transaction processing and support and finance charges paid by customers on their outstanding account balances. PowerPlan ® is primarily used by construction companies to finance day-to-day operating expenses, such as parts and services, and is otherwise similar to John Deere Financial multi-use. John Deere construction and forestry dealers offer PowerPlan ® as an alternative to carrying in-house accounts receivable, and can initially sell existing balances to the Company under a recourse arrangement. PowerPlan ® income includes a discount paid by dealers for transaction processing and support and finance charges paid by customers on their outstanding account balances. The John Deere Financial Revolving Plan is used primarily by retail customers of John Deere dealers to finance turf and utility equipment. Income includes a discount paid by dealers on most transactions and finance charges paid by customers on their outstanding account balances. Revolving charge account income is also generated through waiver of finance charges or reduced rates from sponsoring merchants.

During 2012, 2011 and 2010, the finance income earned from John Deere on revolving charge accounts containing waiver of finance charges or reduced rates was $10 million, $11 million and $13 million, respectively. Revolving charge accounts receivable at October 31, 2012 and 2011 totaled $2,428 million and $2,452 million, respectively. Generally, account holders may pay the account balance in full at any time, or make payments over a number of months according to a payment schedule.

Wholesale Receivables

The Company also finances wholesale inventories of John Deere agriculture and turf equipment and construction and forestry equipment owned by dealers of those products in the form of wholesale receivables. Wholesale finance income related to these notes is generally recognized monthly based on the daily balance of wholesale receivables outstanding and the applicable effective interest rate. Interest rates vary with a bank base rate, the type of equipment financed and the balance outstanding. Substantially all wholesale receivables are secured by equipment financed. The average actual life for wholesale receivables is less than 12 months. Wholesale receivables at October 31, 2012 and 2011 totaled $6,483 million and $5,212 million, respectively.

The Company purchases certain wholesale receivables (trade receivables) from John Deere. These trade receivables arise from John Deere's sales of goods to independent dealers. Under the terms of the sales to dealers, interest is primarily charged to dealers on outstanding balances, from the earlier of the date when goods are sold to retail customers by the dealer or the expiration of certain interest-free periods granted at the time of the sale to the dealer, until payment is received by the Company. Dealers cannot cancel purchases after the equipment is shipped and are responsible for payment even if the equipment is not sold to retail customers. The interest-free periods are determined based on the type of equipment sold and the time of year of the sale. These periods range from one to twelve months for most equipment. Interest-free periods may not be extended. Interest charged may not be forgiven and the past due interest rates exceed market rates. The Company receives compensation from John Deere at approximate market interest rates for these interest-free periods. The Company computes the compensation from John Deere for interest-free periods based on the Company's estimated funding costs, administrative and operating expenses, credit losses and required return on equity. During 2012, 2011 and 2010, the compensation earned from John Deere on wholesale receivables for waiver of finance charges or reduced rates was $200 million, $169 million and $161 million, respectively.

Financing Leases

The Company leases agriculture and turf equipment and construction and forestry equipment directly to retail customers. At the time of accepting a lease that qualifies as a financing lease, the Company records the gross

amount of lease payments receivable, estimated residual value of the leased equipment and unearned finance income. The unearned finance income is equal to the excess of the gross lease receivable plus the estimated residual value over the cost of the equipment. The unearned finance income is recognized as revenue over the lease term using the interest method. Net costs incurred in the acquisition of financing leases are deferred and recognized over the expected lives of the financing leases using the interest method.

Financing leases receivable by product category at October 31 were as follows (in millions of dollars):

	2012	2011
Agriculture and turf equipment	$ 375.9	$ 325.1
Construction and forestry equipment	154.1	148.0
Total	530.0	473.1
Estimated residual values	59.2	51.2
Unearned finance income	(66.8)	(65.6)
Financing leases receivable	$ 522.4	$ 458.7

Initial lease terms for financing leases generally range from 4 months to 60 months. Payments on financing leases receivable at October 31 were scheduled as follows (in millions of dollars):

	2012	2011
Due in:		
0-12 months	$ 207.3	$ 188.8
13-24 months	144.1	127.9
25-36 months	101.8	84.7
37-48 months	49.9	50.3
Over 48 months	26.9	21.4
Total	$ 530.0	$ 473.1

Deposits withheld from John Deere dealers and related losses on financing leases are handled in a manner similar to the procedures for retail notes. As with retail notes, there are no deposits withheld from dealers on financing leases related to construction and forestry equipment. In addition, a lease payment discount program, allowing reduced payments over the term of the lease, is administered in a manner similar to finance waiver on retail notes. During 2012, 2011 and 2010, the finance income earned from John Deere on financing leases containing waiver of finance charges or reduced rates was $2 million, $1 million and $1 million, respectively.

Equipment returned to the Company upon termination of leases and held for subsequent sale or lease is recorded at the lower of net book value or estimated fair value of the equipment less cost to sell and is not depreciated.

Operating Loans

Operating loan income is generated from finance charges paid by customers on their outstanding account balances. Operating loans receivable totaled $42 million and $84 million at October 31, 2012 and 2011, respectively.

Concentration of Credit Risk

Receivables have significant concentrations of credit risk in the agriculture and turf sector and construction and forestry sector as shown in the previous tables. On a geographic basis, there is not a disproportionate concentration of credit risk in any area. The Company generally retains as collateral a security interest in the goods associated with Receivables other than certain revolving charge accounts.

Note 5 . Allowance for Credit Losses and Credit Quality of Receivables

Delinquencies

Past due balances of Receivables represent the total balance held (principal plus accrued interest) with any payment amounts 30 days or more past the contractual payment due date.

The Company monitors the credit quality of Receivables as either performing or non-performing monthly. Non-performing Receivables represent loans for which the Company has ceased accruing finance income. Generally, when retail notes are approximately 120 days delinquent, accrual of finance income is suspended, the collateral is repossessed or the account is designated for litigation and the estimated uncollectible amount, after charging the dealer’s withholding account, if any, is written off to the allowance for credit losses. Revolving charge accounts are deemed to be uncollectible and written off to the allowance for credit losses when delinquency reaches 120 days. Generally, when a wholesale receivable becomes 60 days delinquent, the Company determines whether the accrual of finance income on interest-bearing wholesale receivables should be suspended, the collateral should be repossessed or the account should be designated for litigation and the estimated uncollectible amount written off to the allowance for credit losses. When a financing lease account becomes 120 days delinquent, the accrual of lease revenue is suspended, the equipment is repossessed or the account is designated for litigation, and the estimated uncollectible amount, after charging the dealer’s withholding account, if any, is written off to the allowance for credit losses. Finance income for non-performing Receivables is recognized on a cash basis. Accrual of finance income is resumed when the receivable becomes contractually current and collections are reasonably assured.

An aging of past due and non-performing Receivables at October 31, 2012 was as follows (in millions of dollars):

	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due *	Total Past Due
Retail notes:				
Agriculture and turf equipment	$ 52.6	$ 21.8	$ 14.3	$ 88.7
Construction and forestry equipment	38.6	17.0	8.7	64.3
Revolving charge accounts:				
Agriculture and turf equipment	12.3	3.6	1.6	17.5
Construction and forestry equipment	2.4	.7	.3	3.4
Wholesale receivables:				
Agriculture and turf equipment	2.3	3.8	6.6	12.7
Construction and forestry equipment	1.2		1.5	2.7
Financing leases:				
Agriculture and turf equipment	7.0	1.7	.7	9.4
Construction and forestry equipment	.8	.3		1.1
Operating loans:				
Agriculture and turf equipment				
Total Receivables	$ 117.2	$ 48.9	$ 33.7	$ 199.8

	Total Past Due	Total Non-Performing	Current	Total Receivables
Retail notes:				
Agriculture and turf equipment	$ 88.7	$ 37.8	$ 14,207.3	$ 14,333.8
Construction and forestry equipment	64.3	13.1	1,317.6	1,395.0
Revolving charge accounts:				
Agriculture and turf equipment	17.5	.8	2,343.0	2,361.3
Construction and forestry equipment	3.4		63.0	66.4
Wholesale receivables:				
Agriculture and turf equipment	12.7	.4	5,394.4	5,407.5
Construction and forestry equipment	2.7		1,072.9	1,075.6
Financing leases:				
Agriculture and turf equipment	9.4	9.2	356.5	375.1
Construction and forestry equipment	1.1	1.9	144.3	147.3
Operating loans:				
Agriculture and turf equipment			42.3	42.3
Total Receivables	$ 199.8	$ 63.2	$ 24,941.3	$ 25,204.3

* Receivables that are 90 days or greater past due and still accruing finance income.

An aging of past due and non-performing Receivables at October 31, 2011 was as follows (in millions of dollars):

	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due *	Total Past Due
Retail notes:				
Agriculture and turf equipment	$ 76.1	$ 25.4	$ 20.3	$ 121.8
Construction and forestry equipment	43.6	19.0	11.2	73.8
Recreational products				
Revolving charge accounts:				
Agriculture and turf equipment	15.2	5.7	2.8	23.7
Construction and forestry equipment	2.1	.8	.4	3.3
Wholesale receivables:				
Agriculture and turf equipment	1.5	3.0	.6	5.1
Construction and forestry equipment	.4		.2	.6
Financing leases:				
Agriculture and turf equipment	4.7	3.4	1.1	9.2
Construction and forestry equipment	.8	1.1	.3	2.2
Operating loans:				
Agriculture and turf equipment				
Total Receivables	$ 144.4	$ 58.4	$ 36.9	$ 239.7

	Total Past Due	Total Non-Performing	Current	Total Receivables
Retail notes:				
Agriculture and turf equipment	$ 121.8	$ 41.1	$ 12,549.8	$ 12,712.7
Construction and forestry equipment	73.8	16.9	1,064.8	1,155.5
Recreational products		.1	3.4	3.5
Revolving charge accounts:				
Agriculture and turf equipment	23.7	1.5	2,364.7	2,389.9
Construction and forestry equipment	3.3		59.3	62.6
Wholesale receivables:				
Agriculture and turf equipment	5.1	4.7	4,350.2	4,360.0
Construction and forestry equipment	.6		851.1	851.7
Financing leases:				
Agriculture and turf equipment	9.2	10.2	299.3	318.7
Construction and forestry equipment	2.2	3.0	134.8	140.0
Operating loans:				
Agriculture and turf equipment		1.5	82.5	84.0
Total Receivables	$ 239.7	$ 79.0	$ 21,759.9	$ 22,078.6

* Receivables that are 90 days or greater past due and still accruing finance income.

Allowance for Credit Losses

Allowances for credit losses on Receivables are maintained in amounts considered to be appropriate in relation to the Receivables outstanding based on historical loss experience by product category, portfolio duration, delinquency trends, economic conditions and credit risk quality.

An analysis of the allowance for credit losses and investment in Receivables during 2012 and 2011 was as follows (in millions of dollars):

	Retail Notes	Revolving Charge Accounts	Wholesale Receivables	Other	Total Receivables
2012					
Allowance:					
Beginning of year balance	$ 67.8	$ 39.7	$ 6.0	$ 12.8	$ 126.3
Provision (credit) for credit losses	(10.4)	7.9	.9	1.4	(.2)
Write-offs	(7.4)	(28.8)	(1.0)	(3.5)	(40.7)
Recoveries	6.8	21.4	.1	.8	29.1
Other changes (primarily translation adjustments)	(.4)		(.1)		(.5)
End of year balance	$ 56.4	$ 40.2	$ 5.9	$ 11.5	$ 114.0
Balance individually evaluated *		$ .5	$ .1		$ .6
Receivables:					
End of year balance	$ 15,728.8	$ 2,427.7	$ 6,483.1	$ 564.7	$ 25,204.3
Balance individually evaluated *	$ 10.6	$ .5	$ .2	$ .3	$ 11.6

* Remainder is collectively evaluated.

	Retail Notes	Revolving Charge Accounts	Wholesale Receivables	Other	Total Receivables
2011					
Allowance:					
Beginning of year balance	$ 82.1	$ 43.3	$ 7.4	$ 15.8	$ 148.6
Provision (credit) for credit losses	(6.9)	7.3	(1.1)	2.6	1.9
Write-offs	(14.9)	(39.1)	(.6)	(6.9)	(61.5)
Recoveries	7.2	28.2	.1	1.3	36.8
Other changes (primarily translation adjustments)	.3		.2		.5
End of year balance	$ 67.8	$ 39.7	$ 6.0	$ 12.8	$ 126.3
Balance individually evaluated *	$ .5		$ .2	$ .3	$ 1.0
Receivables:					
End of year balance	$ 13,871.7	$ 2,452.5	$ 5,211.7	$ 542.7	$ 22,078.6
Balance individually evaluated *	$ 11.0	$ .2	$ 4.8	$ 2.1	$ 18.1

* Remainder is collectively evaluated.

A comparative analysis of the allowance for credit losses on total Receivables follows (in millions of dollars):

	2012	2011	2010
Beginning of year balance	$ 126.3	$ 148.6	$ 158.2
Provision (credit) for credit losses	(.2)	1.9	79.7
Write-offs	(40.7)	(61.5)	(120.2)
Recoveries	29.1	36.8	30.9
Other changes (primarily translation adjustments)	(.5)	.5	
End of year balance	$ 114.0	$ 126.3	$ 148.6

Investments in non-performing Receivables at October 31, 2012 and 2011 were $63 million and $79 million, respectively. These Receivables as a percentage of Receivables outstanding were .25 percent and .36 percent at October 31, 2012 and 2011, respectively. Total Receivable amounts 30 days or more past due and still accruing finance income were $200 million at October 31, 2012, compared with $240 million at October 31, 2011. These past due amounts represented .79 percent and 1.09 percent of the Receivables financed at October 31, 2012 and 2011, respectively. The allowance for credit losses represented .45 percent and .57 percent of Receivables outstanding at October 31, 2012 and 2011, respectively. In addition, at October 31, 2012 and 2011, the Company had $172 million and $170 million, respectively, of deposits primarily withheld from John Deere dealers and merchants available for potential credit losses.

Impaired Receivables

Receivables are considered impaired when it is probable the Company will be unable to collect all amounts due according to the contractual terms. Receivables reviewed for impairment generally include those that are either past due, or have provided bankruptcy notification, or require significant collection efforts. Receivables that are impaired are generally classified as non-performing.

An analysis of impaired Receivables at October 31, 2012 and 2011 was as follows (in millions of dollars):

	Recorded Investment	Unpaid Principal Balance	Specific Allowance	Average Recorded Investment
2012 *				
Receivables with specific allowance:				
Revolving charge accounts	$ .5	$ .5	$ .5	$ .5
Wholesale receivables	.2	.2	.1	.2
Total	.7	.7	.6	.7
Receivables without specific allowance:				
Retail notes	8.5	8.4		8.4
Total	$ 9.2	$ 9.1	$ .6	$ 9.1
Agriculture and turf	$ 6.5	$ 6.4	$ .6	$ 6.1
Construction and forestry	$ 2.7	$ 2.7		$ 3.0
2011 *				
Receivables with specific allowance:				
Retail notes	$ .8	$ .8	$ .5	$ .8
Wholesale receivables	4.5	4.5	.2	4.5
Financing leases				.2
Operating loans	.5	.5	.3	2.0
Total	5.8	5.8	1.0	7.5
Receivables without specific allowance:				
Retail notes	7.8	7.7		9.9
Wholesale receivables	.3	.3		.3
Total	$ 13.9	$ 13.8	$ 1.0	$ 17.7
Agriculture and turf	$ 11.0	$ 10.9	$ 1.0	$ 13.5
Construction and forestry	$ 2.9	$ 2.9		$ 4.2

* Finance income recognized was not material.

A troubled debt restructuring is generally the modification of debt in which a creditor grants a concession it would not otherwise consider to a debtor that is experiencing financial difficulties. These modifications may include a reduction of the stated interest rate, an extension of the maturity dates, a reduction of the face amount or maturity amount of the debt, or a reduction of accrued interest. During 2012, the Company identified 138 Receivable contracts, primarily retail notes, as troubled debt restructurings with aggregate balances of $4.8 million pre-modification and $4.3 million post-modification. During 2011, the Company identified 208 Receivable contracts, primarily retail notes, as troubled debt restructurings with aggregate balances of $9.7 million pre-modification and $8.4 million post-modification. During these same periods, there were no significant troubled debt restructurings that subsequently defaulted and were written off. At October 31, 2012, the Company had no commitments to lend additional funds to borrowers whose accounts were modified in troubled debt restructurings.

Write-offs

Total Receivable write-offs and recoveries, by product, and as a percentage of average balances held during the year, were as follows (in millions of dollars):

	2012		2011		2010	
	Dollars	**Percent**	**Dollars**	**Percent**	**Dollars**	**Percent**
Write-offs:						
Retail notes:						
Agriculture and turf equipment	$ (3.4)	(.03)%	$ (5.3)	(.05)%	$ (6.6)	(.07)%
Construction and forestry equipment	(4.0)	(.32)	(9.5)	(.84)	(23.1)	(1.89)
Recreational products			(.1)	(2.38)	(.4)	(7.27)
Total retail notes	(7.4)	(.05)	(14.9)	(.12)	(30.1)	(.27)
Revolving charge accounts	(28.8)	(1.29)	(39.1)	(1.77)	(70.9)	(3.38)
Wholesale receivables	(1.0)	(.02)	(.6)	(.01)	.7	.02
Financing leases	(1.6)	(.34)	(3.6)	(.84)	(2.4)	(.62)
Operating loans	(1.9)	(3.12)	(3.3)	(1.91)	(17.5)	(7.79)
Total write-offs	(40.7)	(.18)	(61.5)	(.30)	(120.2)	(.65)
Recoveries:						
Retail notes:						
Agriculture and turf equipment	3.9	.03	3.6	.03	3.8	.04
Construction and forestry equipment	2.9	.23	3.5	.31	3.2	.26
Recreational products			.1	2.38	.2	3.64
Total retail notes	6.8	.05	7.2	.06	7.2	.06
Revolving charge accounts	21.4	.96	28.2	1.28	22.7	1.08
Wholesale receivables	.1	.00	.1	.00	.4	.01
Financing leases	.3	.06	.1	.02	.4	.10
Operating loans	.5	.82	1.2	.69	.2	.09
Total recoveries	29.1	.13	36.8	.18	30.9	.17
Total net write-offs	$ (11.6)	(.05)	$ (24.7)	(.12)	$ (89.3)	(.48)

Note 6 . Securitization of Receivables

The Company, as a part of its overall funding strategy, periodically transfers certain receivables (retail notes) into VIEs that are SPEs, or a non-VIE banking operation, as part of its asset-backed securities programs (securitizations). The structure of these transactions is such that the transfer of the retail notes does not meet the criteria of sales of receivables, and is, therefore, accounted for as a secured borrowing. SPEs utilized in securitizations of retail notes differ from other entities included in the Company's consolidated statements because the assets they hold are legally isolated. Use of the assets held by the SPEs or the non-VIE is restricted by terms of the documents governing the securitization transactions.

In securitizations of retail notes related to secured borrowings, the retail notes are transferred to certain SPEs or to a non-VIE banking operation, which in turn issue debt to investors. The resulting secured borrowings are recorded as "Securitization borrowings" on the balance sheet. The securitized retail notes are recorded as "Retail notes securitized" on the balance sheet. The total restricted assets on the balance sheet related to these securitizations include the retail notes securitized less an allowance for credit losses, and other assets primarily representing restricted cash. For those securitizations in which retail notes are transferred into SPEs, the SPEs supporting the secured borrowings are consolidated unless the Company does not have both the power to direct the activities that most significantly impact the SPEs' economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the SPEs. No additional support to these SPEs beyond what was previously contractually required has been provided during the reporting periods.

In certain securitizations, the Company consolidates the SPEs since it has both the power to direct the activities that most significantly impact the SPEs' economic performance through its role as servicer of all the Receivables held by the SPEs, and the obligation through variable interests in the SPEs to absorb losses or receive benefits that could potentially be significant to the SPEs. The restricted assets (retail notes securitized, allowance for credit losses and other assets) of the consolidated SPEs totaled $2,330 million and $1,523 million at October 31, 2012 and 2011, respectively. The liabilities (securitization borrowings and accounts payable and accrued expenses) of these SPEs totaled $2,262 million and $1,395 million at October 31, 2012 and 2011, respectively. The credit holders of these SPEs do not have legal recourse to the Company's general credit.

In certain securitizations, the Company transfers retail notes to a non-VIE banking operation, which is not consolidated since the Company does not have a controlling interest in the entity. The Company's carrying values and interests related to these securitizations with the unconsolidated non-VIE were restricted assets (retail notes securitized, allowance for credit losses and other assets) of $324 million and $369 million at October 31, 2012 and 2011, respectively. The liabilities (securitization borrowings and accounts payable and accrued expenses) were $310 million and $346 million at October 31, 2012 and 2011, respectively.

In certain securitizations, the Company transfers retail notes into bank-sponsored, multi-seller, commercial paper conduits, which are SPEs that are not consolidated. The Company does not service a significant portion of the conduits' receivables, and, therefore, does not have the power to direct the activities that most significantly impact the conduits' economic performance. These conduits provide a funding source to the Company (as well as other transferors into the conduit) as they fund the retail notes through the issuance of commercial paper. The Company's carrying values and variable interests related to these conduits were restricted assets (retail notes securitized, allowance for credit losses and other assets) of $1,049 million and $1,109 million at October 31, 2012 and 2011, respectively. The liabilities (securitization borrowings and accounts payable and accrued expenses) related to these conduits were $1,004 million and $1,038 million at October 31, 2012 and 2011, respectively.

The Company's carrying amount of the liabilities to the unconsolidated conduits, compared to the maximum exposure to loss related to these conduits, which would only be incurred in the event of a complete loss on the restricted assets was as follows (in millions of dollars):

	2012
Carrying value of liabilities	$ 1,004
Maximum exposure to loss	1,049

The total assets of unconsolidated VIEs related to securitizations were approximately $31 billion at October 31, 2012.

The components of consolidated restricted assets related to secured borrowings in securitization transactions at October 31 were as follows (in millions of dollars):

	2012	2011
Retail notes securitized	$ 3,635.3	$ 2,923.2
Allowance for credit losses	(17.7)	(18.2)
Other assets	85.6	96.3
Total restricted securitized assets	$ 3,703.2	$ 3,001.3

The components of consolidated secured borrowings and other liabilities related to securitizations at October 31 were as follows (in millions of dollars):

	2012	2011
Securitization borrowings	$ 3,574.8	$ 2,777.4
Accounts payable and accrued expenses	1.3	1.4
Total liabilities related to restricted securitized assets	$ 3,576.1	$ 2,778.8

The secured borrowings related to these restricted securitized retail notes are obligations that are payable as the retail notes are liquidated. Repayment of the secured borrowings depends primarily on cash flows generated by the restricted assets. Due to the Company's short-term credit rating, cash collections from these restricted assets are not required to be placed into a segregated collection account until immediately prior to the time payment is required to the secured creditors. At October 31, 2012, the maximum remaining term of all restricted securitized retail notes was approximately six years.

Note 7 . Equipment on Operating Leases

Operating leases arise primarily from the leasing of John Deere equipment to retail customers. Rental payments applicable to equipment on operating leases are recorded as income on a straight-line method over the lease terms. Operating lease assets are recorded at cost and depreciated to their estimated residual value generally on a straight-line method over the terms of the leases. Residual values represent estimates of the value of the leased assets at the end of the contract terms and are initially determined based upon appraisals and estimates. The Company evaluates the carrying value of its operating lease assets and tests for impairment when events or circumstances necessitate the evaluation. Generally, impairment is determined to exist if the undiscounted expected future cash flows from the operating leases are lower than the carrying value of the leased assets. During 2012, 2011 and 2010, the Company recorded impairment losses on operating leases of none, $.8 million and $1.3 million, respectively. Operating lease impairments are included in administrative and operating expenses on the statements of consolidated income.

The cost of equipment on operating leases by product category at October 31 was as follows (in millions of dollars):

	2012	2011
Agriculture and turf equipment	$ 1,302.7	$ 1,105.9
Construction and forestry equipment	465.8	472.1
Total	1,768.5	1,578.0
Accumulated depreciation	(350.3)	(345.9)
Equipment on operating leases — net	$ 1,418.2	$ 1,232.1

Initial lease terms for equipment on operating leases generally range from 4 months to 60 months. Rental payments for equipment on operating leases at October 31 were scheduled as follows (in millions of dollars):

	2012	2011
Due in:		
0-12 months	$ 229.6	$ 215.5
13-24 months	142.5	128.8
25-36 months	67.1	64.9
37-48 months	28.3	27.7
Over 48 months	4.4	4.1
Total	$ 471.9	$ 441.0

Deposits withheld from John Deere dealers and related losses on operating leases are handled in a manner similar to the procedures for retail notes. As with construction and forestry retail notes, there are no deposits withheld from dealers on operating leases related to construction and forestry equipment. In addition, a lease payment discount program, allowing reduced payments over the term of the lease, is administered in a manner similar to finance waivers on retail notes. During 2012, 2011 and 2010, the operating lease revenue earned from John Deere was $6 million, $6 million and $7 million, respectively.

Equipment returned to the Company upon termination of leases and held for subsequent sale or lease is recorded at the lower of net book value or estimated fair value of the equipment less cost to sell and is not depreciated.

Past due balances of operating leases represent the total balance held (net book value plus accrued lease payments) and still accruing finance income with any payment amounts 30 days or more past the contractual payment due date. These amounts were $20 million and $26 million at October 31, 2012 and 2011, respectively.

Note 8 . Notes Receivable from John Deere

The Company made loans to John Deere Renewables, LLC, an affiliated company that had investments in wind energy projects. In December 2010, John Deere sold its wind energy business and, as a result, John Deere Renewables, LLC repaid all outstanding loans to the Company. The Company received interest from John Deere at competitive market interest rates. During 2012, 2011 and 2010, the interest earned from John Deere was none, $4 million and $43 million, respectively.

Note 9 . Short-Term Borrowings

Short-term borrowings of the Company at October 31 consisted of the following (in millions of dollars):

	2012	2011
Commercial paper and other notes payable	$ 1,009.3	$ 761.2
Securitization borrowings	3,574.8	2,777.4
John Deere	516.4	1,057.9
Current maturities of long-term borrowings	3,912.9*	4,653.1*
Total	$ 9,013.4	$ 9,249.6

* Includes unamortized fair value adjustments related to interest rate swaps.

Securitization borrowings are secured by retail notes securitized on the balance sheet (see Note 6). Although these securitization borrowings are classified as short-term since payment is required if the retail notes are liquidated early, the payment schedule for these borrowings of $3,575 million at October 31, 2012 based on the expected liquidations of the retail notes in millions of dollars is as follows: 2013 - $1,853, 2014 - $1,043, 2015 - $499, 2016 - $162, 2017 - $17 and 2018 - $1. The Company's short-term debt also includes amounts borrowed from John Deere. The Company pays interest on a monthly basis to John Deere for these borrowings based on a market rate. The weighted-average interest rate on total short-term borrowings, excluding current maturities of long-term borrowings, at October 31, 2012 and 2011, was .9 percent and 1.1 percent, respectively.

Lines of credit available from U.S. and foreign banks were $5,005 million at October 31, 2012. Some of these credit lines are available to both John Deere Capital Corporation and Deere & Company. At October 31, 2012, $3,793 million of these worldwide lines of credit were unused. For the purpose of computing unused credit lines, commercial paper and short-term bank borrowings, excluding secured borrowings and the current portion of long-term borrowings, of the Capital Corporation and John Deere were primarily considered to constitute utilization.

Included in the above lines of credit were long-term credit facility agreements for $2,750 million, expiring in April 2015, and $1,500 million, expiring in April 2017. The agreements are mutually extendable and the annual facility fees are not significant. These credit agreements require the Capital Corporation to maintain its consolidated ratio of earnings to fixed charges at not less than 1.05 to 1 for each fiscal quarter and the ratio of senior debt, excluding securitization indebtedness, to capital base (total subordinated debt and stockholder's equity excluding accumulated other comprehensive income (loss)) at not more than 11 to 1 at the end of any fiscal quarter. "Senior debt" consists of the Capital Corporation's total interest-bearing obligations, excluding subordinated debt and certain securitization indebtedness, but including borrowings from John Deere. All of these requirements of the credit agreements have been met during the periods included in the consolidated financial statements. The facility fees on these lines of credit are divided between Deere & Company and the Capital Corporation based on the proportion of their respective forecasted liquidity requirements.

Deere & Company has an agreement with John Deere Capital Corporation pursuant to which it has agreed to continue to own, directly or through one or more wholly-owned subsidiaries, at least 51 percent of the voting shares of capital stock of John Deere Capital Corporation and to maintain the Capital Corporation's consolidated tangible net worth at not less than $50 million. This agreement also obligates Deere & Company to make payments to the Capital Corporation such that its consolidated ratio of earnings to fixed charges is not less than 1.05 to 1 for each fiscal quarter. Deere & Company's obligations to make payments to the Capital Corporation under the agreement are independent of whether the Capital Corporation is in default on its indebtedness, obligations or other liabilities. Further, Deere & Company's obligations under the agreement are not measured by the amount of the Capital Corporation's indebtedness, obligations or other liabilities. Deere & Company's obligations to make payments under this agreement are expressly stated not to be a guaranty of any specific indebtedness, obligation or liability of the Capital Corporation and are enforceable only by or in the name of John Deere Capital Corporation. No payments were required under this agreement during the periods included in the consolidated financial statements.

Note 10 . Long-Term Borrowings

Long-term borrowings of the Company at October 31 consisted of the following (in millions of dollars):

	2012	2011
Senior Debt:		
Medium-term notes due 2013-2023 (principal $13,759 - 2012, $10,372 - 2011):	$ 14,230.3*	$ 10,687.7*
Average interest rate of 1.5% - 2012, 2.0% - 2011		
5.10% Debentures due 2013 ($650 principal):		678.8*
Swapped $450 in 2011 to variable interest rate of 1.1% - 2011		
2.75% Senior notes due 2022 ($500 principal):	518.4*	
Swapped $500 in 2012 to variable interest rate of 1.1% - 2012		
Other notes	37.9	36.1
Total senior debt	14,786.6	11,402.6
Unamortized debt discount	(16.7)	(13.0)
Total **	$ 14,769.9	$ 11,389.6

* Includes unamortized fair value adjustments related to interest rate swaps.

** All interest rates are as of year-end.

The approximate principal amounts of long-term borrowings maturing in each of the next five years, in millions of dollars, are as follows: 2013 - $3,899, 2014 - $3,528, 2015 - $2,774, 2016 - $1,445 and 2017 - $2,400.

Note 11 . Leases

Total rental expense for operating leases was $4 million, $3 million and $3 million for 2012, 2011 and 2010, respectively. At October 31, 2012, future minimum lease payments under operating leases amounted to $4 million as follows (in millions of dollars): 2013 - $2, 2014 - $1 and 2015 - $1.

Note 12 . Capital Stock

All of John Deere Capital Corporation's common stock is owned by JDFS, a wholly-owned finance holding subsidiary of Deere & Company. No shares of common stock of John Deere Capital Corporation were reserved for officers or employees or for options, warrants, conversions or other rights at October 31, 2012 or 2011. At October 31, 2012 and 2011, John Deere Capital Corporation had authorized, but not issued, 10,000 shares of $1 par value preferred stock. In addition, in 2012, Deere & Company increased its investment in JDFS by $160 million. In turn, JDFS increased its investment in the Capital Corporation by $160 million.

Note 13 . Dividends

The Capital Corporation did not declare or pay cash dividends to JDFS in 2012. This compares to $294 million in dividends declared and paid to JDFS in 2011. In 2011, JDFS paid comparable dividends to Deere & Company.

Note 14 . Pension and Other Postretirement Benefits

The Company is a participating employer in certain Deere & Company sponsored defined benefit pension plans for employees in the U.S. and certain defined benefit pension plans outside the U.S. These pension plans provide for benefits that are based primarily on years of service and employee compensation. Pension expense is actuarially determined based on the Company's employees included in the plan. The Company's pension expense amounted to $5.6 million in 2012, $5.2 million in 2011 and $9.0 million in 2010. The accumulated benefit obligation and plan net assets for the employees of the Company are not determined separately from Deere & Company. The Company generally provides defined benefit health care and life insurance plans for retired employees in the U.S. as a participating employer in Deere & Company's sponsored plans. Health care and life insurance benefits expense is actuarially determined based on the Company's employees included in the plans and amounted to $7.9 million in 2012, $8.1 million in 2011 and $7.4 million in 2010. Further disclosure for these plans is included in the notes to the Deere & Company 2012 Annual Report on Form 10-K.

Note 15 . Stock Option Awards

Certain employees of the Company participate in Deere & Company share-based compensation plans. During 2012, 2011 and 2010, the total share-based compensation expense was $5.0 million, $5.1 million and $6.0 million, respectively, with an income tax benefit recognized in net income of $1.8 million, $1.9 million and $2.2 million, respectively. Further disclosure for these plans is included in the notes to the Deere & Company 2012 Annual Report on Form 10-K.

Note 16 . Income Taxes

The taxable income of the Company is included in the consolidated U.S. income tax return of Deere & Company. Provisions for income taxes are made generally as if John Deere Capital Corporation and each of its subsidiaries filed separate income tax returns.

The provision for income taxes by taxing jurisdiction and by significant component consisted of the following (in millions of dollars):

	2012	2011	2010
Current:			
U.S.:			
Federal	$ 173.6	$ 66.5	$ 50.3
State	10.1	14.4	1.0
Foreign	34.0	25.0	21.2
Total current	217.7	105.9	72.5
Deferred:			
U.S.:			
Federal	4.4	98.1	88.6
State	1.6	2.8	(1.4)
Foreign	(5.9)	2.4	(.3)
Total deferred	.1	103.3	86.9
Provision for income taxes	$ 217.8	$ 209.2	$ 159.4

A comparison of the statutory and effective income tax provision and reasons for related differences follows (in millions of dollars):

	2012	2011	2010
U.S. federal income tax provision at a statutory rate of 35 percent	$ 209.7	$ 200.1	$ 167.3
Increase (decrease) resulting from:			
Municipal lease income not taxable	(1.5)	(1.6)	(1.6)
Tax rates on foreign earnings	(6.3)	(5.5)	(3.8)
State and local income taxes, net of federal income tax benefit	7.6	11.2	(.3)
Other — net	8.3	5.0	(2.2)
Provision for income taxes	$ 217.8	$ 209.2	$ 159.4

At October 31, 2012, accumulated earnings in certain subsidiaries outside the U.S. totaled $198.5 million for which no provision for U.S. income taxes or foreign withholding taxes has been made, because it is expected that such earnings will be reinvested outside the U.S. indefinitely. Determination of the amount of unrecognized deferred tax liability on these unremitted earnings is not practical. At October 31, 2012, the amount of cash and cash equivalents held by these foreign subsidiaries was $51.6 million.

Deferred income taxes arise because there are certain items that are treated differently for financial accounting than for income tax reporting purposes. An analysis of deferred income tax assets and liabilities at October 31 was as follows (in millions of dollars):

	2012		2011	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Lease transactions		$ 345.6		$ 340.1
Tax over book depreciation		2.0		7.6
Deferred retail note finance income		3.0		3.0
Allowance for credit losses	$ 45.9		$ 53.2	
Unrealized gain/loss on derivatives	6.1		4.3	
Accrual for retirement and other benefits	8.0		9.4	
Federal taxes on deferred state tax deductions	12.2		8.8	
Tax loss and tax credit carryforwards	3.9		4.4	
Miscellaneous accruals and other	.2			5.8
Less valuation allowances	(.4)			
Deferred income tax assets and liabilities	$ 75.9	$ 350.6	$ 80.1	$ 356.5

At October 31, 2012, certain tax loss and tax credit carryforwards of $3.9 million were available, with $3.5 million expiring from 2013 through 2031 and $.4 million with an indefinite carryforward period.

A reconciliation of the total amounts of unrecognized tax benefits at October 31 was as follows (in millions of dollars):

	2012	2011	2010
Beginning of year balance	$ 30.0	$ 30.3	$ 38.5
Increases to tax positions taken during the current year	12.0	10.6	8.9
Increases to tax positions taken during prior years	.8	5.9	.4
Decreases to tax positions taken during prior years	(6.6)	(14.7)	(14.4)
Decreases due to lapse of statute of limitations	(3.6)	(2.1)	(1.4)
Settlements		(.1)	(1.5)
Foreign exchange	(.1)	.1	(.2)
End of year balance	$ 32.5	$ 30.0	$ 30.3

The amount of unrecognized tax benefits at October 31, 2012 that would affect the effective tax rate if the tax benefits were recognized was $17.3 million. The remaining liability was related to tax positions for which there are offsetting tax receivables, or the uncertainty was only related to timing. The Company expects that any reasonably possible change in the amounts of unrecognized tax benefits in the next twelve months would not be significant.

The Company files its tax returns according to the tax laws of the jurisdictions in which it operates, which includes the U.S. federal jurisdiction, and various state and foreign jurisdictions. The Company is included in the consolidated U.S. income tax return and various state returns of Deere & Company. The U.S. Internal Revenue Service has completed the examination of Deere & Company's federal income tax returns for periods prior to 2009. The years' 2009 and 2010 federal income tax returns are currently under examination. Various state and foreign income tax returns also remain subject to examination by taxing authorities.

The Company's policy is to recognize interest related to income taxes in interest expense and other income, and recognize penalties in administrative and operating expenses. During 2012, 2011 and 2010, the total amount of expense (credit) from interest and penalties was $.2 million, $3.8 million and ($1.6) million and the interest income was not material for any of the periods. During 2010, the expense from interest and penalties includes reversals of interest and penalties of $2.3 million due to audit settlements. At October 31, 2012 and 2011, the liability for accrued interest and penalties totaled $12.4 million and $12.5 million, respectively.

Note 17 . Other Income and Administrative and Operating Expenses

The major components of other income and administrative and operating expenses were as follows (in millions of dollars):

	2012	2011	2010
Other income - net			
Fees from John Deere	$ 43.0	$ 44.0	$ 83.7
Other	25.1	20.4	7.9
Total	$ 68.1	$ 64.4	$ 91.6
Administrative and operating expenses			
Compensation and benefits	$ 209.6	$ 207.9	$ 207.2
Crop insurance commission expenses			52.0
Other	129.7	124.9	110.7
Total	$ 339.3	$ 332.8	$ 369.9

Note 18 . Cash Flow Information

For purposes of the statements of consolidated cash flows, the Company considers investments with purchased maturities of three months or less to be cash equivalents. Substantially all of the Company's short-term borrowings, excluding the current maturities of long-term borrowings, mature or may require payment within three months or less.

Cash payments by the Company for interest in 2012, 2011 and 2010 were $506 million, $486 million and $537 million, respectively. Cash payments for income taxes during these same periods were $204 million, $125 million and $60 million, respectively.

Note 19 . Commitments and Contingencies

At October 31, 2012, John Deere Financial Inc. (formerly known as John Deere Credit Inc.), the John Deere finance subsidiary in Canada, had $66 million of commercial paper, $1,734 million of medium-term notes outstanding, and a fair value liability of $5 million for derivatives, prior to considering applicable netting provisions, with a notional amount of $1,453 million that were guaranteed by the Company.

In March 2012, John Deere Canada Funding Inc. (JDCFI), a wholly-owned subsidiary of John Deere Financial Inc., was created as a VIE to issue debt in public markets to fund the operations of affiliated companies in Canada. The Company has a variable interest in JDCFI because it provides guarantees for all debt issued by JDCFI, however it does not consolidate JDCFI because it does not have the power to direct the activities that most significantly impact JDCFI's economic performance. The Company has no carrying value of assets or liabilities related to JDCFI. Its maximum exposure to loss is the amount of the debt issued by JDCFI and guaranteed by the Company, which was $402 million at October 31, 2012. No additional support beyond what was previously contractually required has been provided to JDCFI during the reporting periods.

The Company has commitments to extend credit to customers and John Deere dealers through lines of credit and other pre-approved credit arrangements. The Company applies the same credit policies and approval process for these commitments to extend credit as it does for its Receivables. Collateral is not required for these commitments, but if credit is extended, collateral may be required upon funding. The amount of unused commitments to extend credit to John Deere dealers was $3.8 billion at October 31, 2012. The amount of unused commitments to extend credit to customers was $28.1 billion at October 31, 2012. A significant portion of these commitments is not expected to be fully drawn upon; therefore, the total commitment amounts do not represent a future cash requirement. The Company generally has the right to unconditionally cancel, alter, or amend the terms of these commitments at any time. Over 95 percent of these unused commitments to extend credit to customers relate to revolving charge accounts.

At October 31, 2012, the Company had restricted other assets of $22 million. In addition, see Note 6 for restricted assets associated with borrowings related to securitizations.

The Company also had other miscellaneous contingencies totaling approximately $2 million at October 31, 2012, for which it believes the probability for payment is substantially remote. The accrued liability for these contingencies was not material at October 31, 2012.

The Company is subject to various unresolved legal actions which arise in the normal course of its business, the most prevalent of which relate to state and federal laws and regulations concerning retail credit. The Company believes the reasonably possible range of losses for these unresolved legal actions in addition to the amounts accrued would not have a material effect on its consolidated financial statements.

Note 20 . Other Comprehensive Income Items

Other comprehensive income items are transactions recorded in stockholder's equity during the year, excluding net income and transactions with the stockholder. Following are the items included in other comprehensive income (loss) and the related tax effects in millions of dollars:

	Before Tax Amount	Tax (Expense) Credit	After Tax Amount
2010			
Cumulative translation adjustment	$ (7.2)		$ (7.2)
Unrealized gain on derivatives:			
Hedging loss	(55.8)	$ 19.1	(36.7)
Reclassification of realized loss to net income	78.4	(26.8)	51.6
Net unrealized gain on derivatives	22.6	(7.7)	14.9
Total other comprehensive income (loss)	$ 15.4	$ (7.7)	$ 7.7
2011			
Cumulative translation adjustment	$ 13.8		$ 13.8
Unrealized gain on derivatives:			
Hedging gain	31.4	$ (11.1)	20.3
Reclassification of realized loss to net income	.9	(.3)	.6
Net unrealized gain on derivatives	32.3	(11.4)	20.9
Total other comprehensive income (loss)	$ 46.1	$ (11.4)	$ 34.7
2012			
Cumulative translation adjustment	$ (29.2)		$ (29.2)
Unrealized loss on derivatives:			
Hedging loss	(60.5)	$ 21.4	(39.1)
Reclassification of realized loss to net income	55.4	(19.6)	35.8
Net unrealized loss on derivatives	(5.1)	1.8	(3.3)
Total other comprehensive income (loss)	$ (34.3)	$ 1.8	$ (32.5)

Note 21 . Fair Value Measurements

The fair values of financial instruments that do not approximate the carrying values at October 31 were as follows (in millions of dollars):

	2012		2011	
	Carrying Value	Fair Value *	Carrying Value	Fair Value
Receivables financed - net	$ 21,472	$ 21,455	$ 19,047	$ 19,034
Retail notes securitized - net	3,618	3,615	2,905	2,907
Securitization borrowings	3,575	3,584	2,777	2,789
Current maturities of long-term borrowings	3,913	3,947	4,653	4,704
Long-term borrowings	14,770	15,048	11,390	11,751

* Fair value measurements above were Level 3 for all Receivables and Level 2 for all borrowings.

Fair values of Receivables that were issued long-term were based on the discounted values of their related cash flows at interest rates currently being offered by the Company for similar Receivables. The fair values of the remaining Receivables approximated the carrying amounts.

Fair values of long-term borrowings and short-term securitization borrowings were based on current market quotes for identical or similar borrowings and credit risk, or on the discounted values of their related cash flows at current market interest rates. Certain long-term borrowings have been swapped to current variable interest rates. The carrying values of these long-term borrowings include adjustments related to fair value hedges.

Assets and liabilities measured at October 31 at fair value as Level 2 measurements on a recurring basis were as follows (in millions of dollars):

	2012	2011
Receivable from John Deere		
Derivatives:		
Interest rate contracts	$ 355.8	$ 168.4
Cross-currency interest rate contracts	9.9	.9
Other assets		
Derivatives:		
Interest rate contracts	227.6	268.6
Foreign exchange contracts	1.9	
Cross-currency interest rate contracts	.3	1.6
Total assets *	$ 595.5	$ 439.5
Other payables to John Deere		
Derivatives:		
Interest rate contracts	$ 25.3	$ 19.6
Cross-currency interest rate contracts	2.9	1.4
Accounts payable and accrued expenses		
Derivatives:		
Interest rate contracts	41.3	37.0
Foreign exchange contracts	5.4	47.6
Cross-currency interest rate contracts	56.4	5.7
Total liabilities	$ 131.3	$ 111.3

* Excluded from this table are cash equivalents, which are carried at cost that approximates fair value. The cash equivalents consist primarily of money market funds.

Fair value, nonrecurring, Level 3 measurements at October 31 were as follows (in millions of dollars):

	Fair Value*		Losses		
	2012	2011	2012	2011	2010
Receivables:					
Retail notes		$ .3			$ .1
Revolving charge accounts			$ .5		
Wholesale receivables	$ .1	4.3	.1	$ .3	1.9
Operating loans		.2			2.7
Total Receivables	$ .1	$ 4.8	$ .6	$ .3	$ 4.7

* Does not include cost to sell.

Level 1 measurements consist of quoted prices in active markets for identical assets or liabilities. Level 2 measurements include significant other observable inputs such as quoted prices for similar assets or liabilities in active markets; identical assets or liabilities in inactive markets; observable inputs such as interest rates and yield curves; and other market-corroborated inputs. Level 3 measurements include significant unobservable inputs.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods including market and income approaches. The Company utilizes valuation models and techniques that maximize the use of observable inputs. The models are industry-standard models that consider various assumptions including time values and yield curves as well as other economic measures. These valuation techniques are consistently applied.

The following is a description of the valuation methodologies the Company uses to measure certain financial instruments on the balance sheet at fair value:

Derivatives — The Company's derivative financial instruments consist of interest rate swaps and caps, foreign currency forwards and swaps and cross-currency interest rate swaps. The portfolio is valued based on an income approach (discounted cash flow) using market observable inputs, including swap curves and both forward and spot exchange rates for currencies.

Receivables — Specific reserve impairments are based on the fair value of the collateral, which is measured using a market approach (appraisal values or realizable values). Inputs include a selection of realizable values.

Note 22. Derivative Instruments

The Company's outstanding derivatives have been transacted with both unrelated external counterparties and with John Deere. For derivatives transacted with John Deere, the Company utilizes a centralized hedging center structure in which John Deere enters into a derivative transaction with an unrelated external counterparty and simultaneously enters into a derivative transaction with the Company. Except for collateral provisions, the terms of the transaction between the Company and John Deere are identical to the terms of the transaction between John Deere and its unrelated external counterparty.

Certain of the Company's derivative agreements executed directly with unrelated external counterparties contain credit support provisions that require the Company to post collateral based on reductions in credit ratings. At October 31, 2012 and 2011, there were no aggregate liability positions for derivatives with credit-risk-related contingent features. The Company, due to its credit rating and amounts of net liability positions, has not posted any collateral. If the credit-risk-related contingent features were triggered, the Company would be required to post full collateral for any liability position, prior to considering applicable netting provisions.

Derivative instruments are subject to significant concentrations of credit risk to the banking sector. The Company manages individual unrelated external counterparty exposure by setting limits that consider the credit rating of the unrelated external counterparty and the size of other financial commitments and exposures between the Company and the unrelated external counterparty banks. All interest rate derivatives are transacted under International Swaps and Derivatives Association (ISDA) documentation. Some of these agreements executed with unrelated external counterparties include credit support provisions. Each master agreement executed with an unrelated external counterparty permits the net settlement of amounts owed in the event of default. The maximum amount of loss that the Company would incur on derivatives transacted directly with unrelated external counterparties, if the counterparties to those derivative transactions fail to meet their obligations, not considering collateral received or netting arrangements, was $230 million and $270 million as of October 31, 2012 and 2011, respectively. The amount of collateral received at October 31, 2012 and 2011 to offset this potential maximum loss was $36 million and $25 million, respectively. The netting provisions of the agreements would reduce the maximum amount of loss the Company would incur if the unrelated external counterparties to derivative instruments fail to meet their obligations by an additional $63 million and $38 million as of October 31, 2012 and 2011, respectively. None of the concentrations of risk with any individual unrelated external counterparty was considered significant at October 31, 2012 and 2011.

The Company also has ISDA agreements with John Deere that permit the net settlement of amounts owed between counterparties in the event of early termination. In addition, the Company has agreed to absorb any losses and expenses John Deere incurs if an unrelated external counterparty fails to meet its obligations on a derivative transaction that John Deere entered into to manage exposures of the Company. The maximum amount of loss that the Company would incur on derivatives transacted with John Deere if the unrelated external counterparty would fail to meet its obligations, considering both the netting arrangements as well as the loss sharing agreement, was $341 million and $151 million as of October 31, 2012 and 2011, respectively.

Cash Flow Hedges

Certain interest rate and cross-currency interest rate contracts (swaps) were designated as hedges of future cash flows from borrowings. The total notional amounts of the receive-variable/pay-fixed interest rate contracts at October 31, 2012 and 2011 were $2,850 million and $1,350 million, respectively. The total notional amount of the cross-currency interest rate contracts was $853 million at October 31, 2012 and 2011, respectively. The effective portions of the fair value gains or losses on these cash flow hedges were recorded in other comprehensive income (OCI) and subsequently reclassified into interest expense or administrative and operating expenses (foreign exchange) in the same periods during which the hedged transactions affected earnings. These amounts offset the effects of interest rate or foreign currency exchange rate changes on the related borrowings. Any ineffective portions of the gains or losses on all cash flow interest rate contracts designated as cash flow hedges were recognized currently in interest expense or administrative and operating expenses (foreign exchange) and were not material during any years presented. The cash flows from these contracts were recorded in operating activities in the statements of consolidated cash flows.

The amount of loss recorded in OCI at October 31, 2012 that is expected to be reclassified to interest expense or administrative and operating expenses in the next twelve months if interest rates or exchange rates remain unchanged is approximately $9 million after-tax. These contracts mature in up to 23 months. There were no gains or losses reclassified from OCI to earnings based on the probability that the original forecasted transaction would not occur.

Fair Value Hedges

Certain interest rate contracts (swaps) were designated as fair value hedges of borrowings. The total notional amounts of the receive-fixed/pay-variable interest rate contracts at October 31, 2012 and 2011 were $8,688 million and $7,276 million, respectively. The effective portions of the fair value gains or losses on these contracts were offset by fair value gains or losses on the hedged items (fixed-rate borrowings). Any ineffective portions of the gains or losses were recognized currently in interest expense. The ineffective portions were losses of $1 million and $4 million during 2012 and 2011, respectively. The cash flows from these contracts were recorded in operating activities in the statements of consolidated cash flows.

The gains (losses) on these contracts and the underlying borrowings recorded in interest expense were as follows (in millions of dollars):

	2012	2011
Interest rate contracts *	$ 186.5	$ 16.6
Borrowings **	(187.8)	(20.3)

* Includes changes in fair value of interest rate contracts excluding net accrued interest income of $145.9 million and $160.7 million during 2012 and 2011, respectively.

** Includes adjustments for fair values of hedged borrowings excluding accrued interest expense of $257.8 million and $250.2 million during 2012 and 2011, respectively.

Derivatives Not Designated as Hedging Instruments

The Company has certain interest rate contracts (swaps and caps), foreign exchange contracts (forwards and swaps) and cross-currency interest rate contracts (swaps), which were not formally designated as hedges. These derivatives were held as economic hedges for underlying interest rate or foreign currency exposures primarily for certain borrowings. The total notional amounts of the interest rate swaps at October 31, 2012 and 2011 were $2,380 million and $2,361 million, the foreign exchange contracts were $1,298 million and $979 million, and the cross-currency interest rate contracts were $78 million and $52 million, respectively. At October 31, 2012 and 2011, there were also $1,445 million and $1,402 million, respectively, of interest rate caps purchased and the same amounts sold at the same capped interest rate to facilitate borrowings through securitization of retail notes. The fair value gains or losses from the interest rate contracts were recognized currently in interest expense and the gains or losses from foreign exchange contracts in administrative and operating expenses, generally offsetting over time the expenses on the exposures being hedged. The cash flows from these non-designated contracts were recorded in operating activities in the statements of consolidated cash flows.

Fair values of derivative instruments in the consolidated balance sheet at October 31 were as follows (in millions of dollars):

	2012	2011
Receivable from John Deere		
Designated as hedging instruments:		
Interest rate contracts	$ 314.2	$ 133.1
Cross-currency interest rate contracts	8.7	
Total designated	322.9	133.1
Not designated as hedging instruments:		
Interest rate contracts	41.6	35.3
Cross-currency interest rate contracts	1.2	.9
Total not designated	42.8	36.2
Other Assets		
Designated as hedging instruments:		
Interest rate contracts	197.0	237.2
Not designated as hedging instruments:		
Interest rate contracts	30.6	31.4
Foreign exchange contracts	1.9	
Cross-currency interest rate contracts	.3	1.6
Total not designated	32.8	33.0
Total derivatives	$ 595.5	$ 439.5
Other Payables to John Deere		
Designated as hedging instruments:		
Interest rate contracts	$ 11.8	$ 13.4
Cross-currency interest rate contracts	2.2	1.4
Total designated	14.0	14.8
Not designated as hedging instruments:		
Interest rate contracts	13.5	6.2
Cross-currency interest rate contracts	.7	
Total not designated	14.2	6.2
Accounts Payable and Accrued Expenses		
Designated as hedging instruments:		
Cross-currency interest rate contracts	56.3	5.5
Not designated as hedging instruments:		
Interest rate contracts	41.3	37.0
Foreign exchange contracts	5.4	47.6
Cross-currency interest rate contracts	.1	.2
Total not designated	46.8	84.8
Total derivatives	$ 131.3	$ 111.3

The classification and gains (losses) including accrued interest expense related to derivative instruments on the statement of consolidated income consisted of the following (in millions of dollars):

	Expense or OCI Classification	2012	2011	2010
Fair Value Hedges				
Interest rate contracts	Interest expense	$ 332.4	$ 177.3	$ 337.8
Cash Flow Hedges				
Recognized in OCI				
(Effective Portion):				
Interest rate contracts	OCI (pretax) *	(22.1)	(4.7)	(14.0)
Foreign exchange contracts	OCI (pretax) *	(38.4)	36.1	(41.8)
Reclassified from OCI				
(Effective Portion):				
Interest rate contracts	Interest expense *	(13.1)	(20.2)	(67.2)
Foreign exchange contracts	Administrative and operating expenses *	(42.3)	19.3	(11.2)
Recognized Directly in Income				
(Ineffective Portion)		**	**	**
Not Designated as Hedges				
Interest rate contracts	Interest expense *	$ (8.6)	$ (.1)	$ 32.2
Foreign exchange contracts	Administrative and operating expenses *	7.7	(78.3)	(80.1)
Total not designated		$ (.9)	$ (78.4)	$ (47.9)

* Includes interest and foreign exchange gains (losses) from cross-currency interest rate contracts.

** The amount is not significant.

Included in the above table are interest expense and administrative and operating expense amounts the Company incurred on derivatives transacted with John Deere. The amount of gain the Company recognized on these affiliate party transactions during 2012 and 2011 was $281 million and $194 million, respectively. As referenced in the VIE section of Note 1, during the first quarter of 2011 the centralized hedging center VIE that was previously consolidated into the Company's financial statements was merged into JDFS and thus deconsolidated from the Company. Due to this merger having occurred in January 2011, the affiliate party interest expense amounts referenced above for 2011 relate only to activity that took place between the merger date and October 31, 2011.

Note 23 . Geographic Area Information

Based on the way the operations are managed and evaluated by management and materiality considerations, the Company is viewed as one operating segment. However, geographic area information for revenues, operating profit, which is net income of consolidated group before income taxes, and Receivables attributed to the U.S. and countries outside the U.S. is disclosed below. No individual foreign country's revenues, operating profit or Receivables were material for disclosure purposes.

Geographic area information for the years ended October 31, 2012, 2011 and 2010 is presented below (in millions of dollars):

	2012	2011	2010
Revenues:			
U.S.	$ 1,446	$ 1,387	$ 1,496
Outside the U.S.	229	234	186
Total	$ 1,675	$ 1,621	$ 1,682
Operating profit:			
U.S.	$ 494	$ 474	$ 409
Outside the U.S.	107	98	69
Total	$ 601	$ 572	$ 478
Receivables:			
U.S.	$ 21,554	$ 18,618	$ 16,918
Outside the U.S.	3,650	3,461	2,942
Total	$ 25,204	$ 22,079	$ 19,860

Note 24. Unconsolidated Affiliated Company

The Capital Corporation's investment in an unconsolidated affiliated company consists of a 50% ownership in John Deere Financial S.A.S., a joint venture in France that primarily offers lease financing to customers. The Capital Corporation does not control the joint venture and accounts for its investment in the joint venture on the equity basis. The Company's share of the income or loss of this joint venture is reported in the consolidated income statement under "Equity in income of unconsolidated affiliate." The investment in this joint venture is reported in the consolidated balance sheet under "Investment in unconsolidated affiliate."

Summarized financial information of the unconsolidated affiliated company was as follows (in millions of dollars):

	Year Ended October 31,		
	2012	2011	2010
Operations:			
Finance income	$ 11.2	$ 9.9	$ 9.5
Net income	2.8	2.3	1.7
The Company's equity in net income	1.4	1.2	.9

	October 31,	
	2012	2011
Financial Position:		
Total assets	$ 137.2	$ 115.6
Total external borrowings	110.7	95.8
Total net assets	17.4	16.3
The Company's share of net assets	8.7	8.1

Note 25. Supplemental Information (Unaudited)

Quarterly Information

The Company's fiscal year ends in October and its interim periods (quarters) end in January, April and July. Supplemental quarterly information for the Company follows (in millions of dollars):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
2012:					
Revenues	$ 394.9	$ 413.3	$ 422.7	$ 443.7	$ 1,674.6
Interest expense	119.3	125.4	109.2	101.7	455.6
Operating expenses	138.8	158.8	159.1	163.2	619.9
Provision for income taxes	44.0	51.1	56.0	66.7	217.8
Equity in income of unconsolidated affiliate	.5	.3	.1	.5	1.4
Net income attributable to the Company	$ 93.3	$ 78.3	$ 98.5	$ 112.6	$ 382.7
2011:					
Revenues	$ 394.3	$ 399.3	$ 414.0	$ 413.8	$ 1,621.4
Interest expense	132.4	120.5	111.2	115.2	479.3
Operating expenses	134.2	142.8	147.6	145.9	570.5
Provision for income taxes	44.2	50.4	54.9	59.7	209.2
Equity in income of unconsolidated affiliate	.3	.3	.2	.4	1.2
Net income attributable to the Company	$ 83.8	$ 85.9	$ 100.5	$ 93.4	$ 363.6

Note 26. Subsequent Event

On December 6, 2012, the Capital Corporation declared a $30 million dividend to be paid to John Deere Financial Services, Inc. on January 16, 2013. John Deere Financial Services, Inc. in turn, declared a $30 million dividend to Deere & Company, also payable on January 16, 2013.

Index to Exhibits

2. Not applicable

3.1 Certificate of Incorporation, as amended (Exhibit 3.1 to Form 10-K of the registrant for the year ended October 31, 1999, Securities and Exchange Commission File No. 1-6458*)

3.2 Bylaws, as amended (Exhibit 3.2 to Form 10-K of the registrant for the year ended October 31, 1999, Securities and Exchange Commission File No. 1-6458*)

4.1 Senior Indenture dated as of March 15, 1997 between the registrant and The Bank of New York Mellon (successor Trustee to The Chase Manhattan Bank National Association), as Trustee (Exhibit 4.1 to registration statement on Form S-3 no. 333-68355, filed December 4, 1998, Securities and Exchange Commission file number 1-6458*)

4.2 Subordinated Indenture dated as of September 1, 2003 between the registrant and U.S. Bank National Association, as Trustee (Exhibit 4.3 to registration statement on Form S-3 no. 333-108705, filed September 11, 2003*)

4.3 Terms and Conditions of the Notes, published on February 3, 2012, applicable to the U.S. $3,000,000,000 Euro Medium Term Note Programme of registrant, Deere & Company, John Deere Bank S.A., John Deere Cash Management S.A. and John Deere Financial Limited

Certain instruments relating to long-term debt constituting less than 10% of the registrant's total assets may not be filed as exhibits herewith pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K. The registrant will file copies of such instruments upon request of the Commission.

9. Not applicable

10.1 Agreement as amended November 1, 1994 between the registrant and Deere & Company concerning agricultural retail notes (Exhibit 10.1 to Form 10-K of Deere & Company for the year ended October 31, 1998, Securities and Exchange Commission file number 1-4121*)

10.2 Agreement as amended November 1, 1994 between the registrant and Deere & Company concerning lawn and grounds care retail notes (Exhibit 10.2 to the Form 10-K of Deere & Company for the year ended October 31, 1998, Securities and Exchange Commission file number 1-4121*)

10.3 Agreement as amended November 1, 1994 between the registrant and John Deere Construction Equipment Company concerning construction retail notes (Exhibit 10.3 to the Form 10-K of Deere & Company for the year ended October 31, 1998, Securities and Exchange Commission file number 1-4121*)

10.4 Agreement dated July 14, 1997 between the registrant and John Deere Construction Equipment Company concerning construction retail notes (Exhibit 10.4 to Form 10-K of Deere & Company for the year ended October 31, 2003, Securities and Exchange Commission File No. 1-4121*)

10.5 Agreement dated November 1, 2003 between the registrant and Deere & Company relating to fixed charges ratio, ownership and minimum net worth (Exhibit 10.5 to Form 10-K of Deere & Company for the year ended October 31, 2003, Securities and Exchange Commission File No. 1-4121*)

10.6 Asset Purchase Agreement dated October 29, 2001 between Deere & Company and Deere Capital, Inc. concerning the sale of trade receivables (Exhibit 10.6 to Form 10-K of the registrant for the year ended October 31, 2001*)

10.7 Asset Purchase Agreement dated October 29, 2001 between John Deere Construction & Forestry Company and Deere Capital, Inc. concerning the sale of trade receivables (Exhibit 10.7 to Form 10-K of the registrant for the year ended October 31, 2001*)

10.8 Factoring Agreement dated September 20, 2002 between John Deere Bank S.A. (as successor in interest to John Deere Finance S.A.) and John Deere Vertrieb, a branch of Deere & Company, concerning the sale of trade receivables (Exhibit 10.21 to the Form 10-K of Deere & Company for the year ended October 31, 2002, Securities and Exchange Commission file number 1-4121*)

10.9 Receivables Purchase Agreement dated August 23, 2002 between John Deere Bank S.A. (as successor in interest to John Deere Finance S.A.) and John Deere Limited (Scotland) concerning the sale of trade receivables (Exhibit 10.22 to the Form 10-K of Deere & Company for the year ended October 31, 2002, Securities and Exchange Commission file number 1-4121*)

10.10 49-Month Credit Agreement among registrant, Deere & Company, John Deere Bank S.A., various financial institutions, JPMorgan Chase Bank S.A., as administration agent, Citibank N.A. and Deutsche Bank Securities Inc., as documentation agents, and Bank of America, N.A., as syndication agent, et al., dated February 28, 2011 (Exhibit 10.1 to form 10-Q of registrant for the quarter ended April 30, 2011, Securities and Exchange Commission File Number 1-4121*)

10.11 First Amendment, dated April 22, 2011, to the 49-Month Credit Agreement among registrant, Deere & Company, John Deere Bank S.A., various financial institutions, JPMorgan Chase Bank S.A., as administration agent, Citibank, N.A. and Deutsche Bank Securities Inc., as documentation agents, and Bank of America, N.A., as syndication agent, et al., dated February 28, 2011 (Exhibit 10.2 to form 10-Q of registrant for the quarter ended April 30, 2011, Securities and Exchange Commission File Number 1-4121*)

10.12 Second Amendment, dated February 27, 2012, to the 49-Month Credit Agreement among registrant, Deere & Company, John Deere Bank S.A., various financial institutions, JPMorgan Chase Bank S.A., as administration agent, Citibank, N.A. and Deutsche Bank Securities Inc., as documentation agents, and Bank of America, N.A., as syndication agent, et al., dated February 28, 2011 (Exhibit 10.2 to form 10-Q of registrant for the quarter ended January 31, 2012, Securities and Exchange Commission File Number 1-4121*)

10.13 Multi-year Credit Agreement among registrant, Deere & Company, John Deere Bank S.A.,various financial institutions, JPMorgan Chase Bank N.A. as administrative agent, Citibank N.A. and Deutsche Bank Securities Inc., as documentation agents, and Bank of America, N.A., as syndication agent, et al, dated February 27, 2012 (Exhibit 10.1 to Form 10-Q of registrant for the quarter ended January 31, 2012, Securities and Exchange Commission file number 1-4121*)

11. Not applicable

12. Computation of Ratio of Earnings to Fixed Charges

13. Not applicable

14. Not applicable

16. Not applicable

18. Not applicable

21. Omitted pursuant to instruction I(2)

22. Not applicable

23. Consent of Deloitte & Touche LLP

24. Power of Attorney (included on signature page)

31.1 Rule 13a-14(a)/15d-14(a) Certification

31.2 Rule 13a-14(a)/15d-14(a) Certification

32. Section 1350 Certifications

99. Parts I and II of the Deere & Company Form 10-K for the fiscal year ended October 31, 2012 (Securities and Exchange Commission file number 1-4121*)

101. Interactive Data File

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* Incorporated by reference. Copies of these exhibits are available from the Company upon request.

Exhibit 4.3

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

1. Introduction

(a) ***Programme***

Deere & Company (" **Deere** "), John Deere Capital Corporation (" **Deere Capital** "), John Deere Bank S.A. (" **Deere Luxembourg** "), John Deere Cash Management S.A. (" **Deere Cash Management** ") and John Deere Financial Limited (formerly John Deere Credit Limited) (ABN 55 078 714 646) (" **Deere Financial Australia** ") (each an " **Issuer** ", and, collectively the " **Issuers** ") have established a Euro Medium Term Note Programme (the " **Programme** ") for the issuance of up to U.S.$3,000,000,000 in aggregate principal amount of notes outstanding at any time (the " **Notes** "). Notes issued by Deere Cash Management are guaranteed by Deere (a " **Guarantor** ") and Notes issued by Deere Luxembourg and Deere Financial Australia are guaranteed by Deere Capital (a " **Guarantor** " and together with Deere, the " **Guarantors** ").

In these Conditions, references to " **Issuer** " are to Deere, Deere Capital, Deere Luxembourg, Deere Cash Management or Deere Financial Australia, as the case may be, as the Issuer of the Notes under the Programme and references to the " **relevant Issuer** " shall be construed accordingly. In these Conditions, references to " **Guarantor** " are to Deere or Deere Capital as Guarantor, in the case of Deere, of Notes to be issued by Deere Cash Management and, in the case of Deere Capital, of Notes to be issued by Deere Luxembourg and Deere Financial Australia and references to the " **relevant Guarantor** " shall be construed accordingly.

(b) ***Final Terms***

Notes issued under the Programme are issued in series (each a " **Series** ") and each Series may comprise one or more tranches (each a " **Tranche** ") of Notes. Each Tranche is the subject of a final terms (the " **Final Terms** ") which supplements these terms and conditions (the " **Conditions** "). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. The applicable Final Terms will specify whether the Issuer is Deere, Deere Capital, Deere Luxembourg, Deere Cash Management or Deere Financial Australia. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

(c) ***Agency Agreement***

The Notes are the subject of an amended and restated issue and paying agency agreement dated 3 February 2012 (the " **Agency Agreement** ") between the Issuers, the Guarantors, The Bank of New York Mellon, London Branch (the " **Fiscal Agent** ", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), The Bank of New York Mellon (Luxembourg) S.A. as registrar (the " **Registrar** ") which expression includes any successor registrar appointed from time to time in connection with the Notes, the paying agents named therein (together with the Fiscal Agent, the " **Paying Agents** ", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the transfer agents named therein (together with the Registrar, the " **Transfer Agents** ", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes). In these Conditions references to " **Agents** " are to the Paying Agents and the Transfer Agents and any reference to " **Agent** " is to any one of them.

(d) ***Deeds of Guarantee***

Notes issued by Deere Cash Management are the subject of a deed of guarantee dated 3 February 2012 (the " **Deere Deed of Guarantee** ") entered into by Deere. Notes issued by Deere Luxembourg and Deere Financial Australia are the subject of a deed of guarantee dated 3 February 2012 (the " **JDCC Deed of Guarantee** " together with the Deere Deed of Guarantee, the " **Deeds of Guarantee** " and each a " **Deed of Guarantee** ") entered into by Deere Capital.

(e) ***Deed of Covenant***

The Notes may be issued in bearer form (" **Bearer Notes** "), or in registered form (" **Registered Notes** "). The Notes have the benefit of a Deed of Covenant dated 3 February 2012 ("the **Deed of Covenant** "). The Registered Notes are constituted by the Deed of Covenant entered into by the relevant Issuer.

(f) ***The Notes***

All subsequent references in these Conditions to " **Notes** " are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for inspection by Noteholders during normal business hours at the Specified Office of the Fiscal Agent, the initial Specified Office of which is set out below.

(g) ***Summaries***

Certain provisions of these Conditions are summaries of the Agency Agreement, the Deeds of Guarantee and the Deed of Covenant and are subject to their detailed provisions. Noteholders and the holders of the related interest coupons, if any, (the " **Couponholders** " and the " **Coupons** ", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement, the Deeds of Guarantee and the Deed of Covenant applicable to them. Copies of the Agency Agreement, the Deeds of Guarantee and the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below.

2. **Interpretation**

(a) ***Definitions***

In these Conditions the following expressions have the following meanings:

" **Accrual Yield** " has the meaning given in the relevant Final Terms;

" **Additional Business Centre(s)** " means the city or cities specified as such in the relevant Final Terms;

" **Additional Financial Centre(s)** " means the city or cities specified as such in the relevant Final Terms;

" **Attributable Debt** " shall mean, as of any particular time, the present value, discounted at a rate per annum equal to the weighted average interest rate of all Notes denominated in euro outstanding at the time under the Programme, compounded semi-annually, of the obligation of a lessee for rental payments during the remaining term of any lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended); the net amount of rent required to be paid for any such period shall be the total amount of the rent payable by the lessee with respect to such period, but may exclude amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges; and, in the case of any lease which is terminable by the lessee upon the payment of a penalty, such net amount shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated;

" **Business Day** " means:

(i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre;

(ii) in relation to any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets are open for business in Hong Kong and on which commercial banks in Hong Kong are open for business and settlement in Renminbi payments; and

(iii) in relation to any sum payable in a currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre.

" **Business Day Convention** ", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(i) " **Following Business Day Convention** " means that the relevant date shall be postponed to the first following day that is a Business Day;

(ii) " **Modified Following Business Day Convention** " or " **Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(iii) " **Preceding Business Day Convention** " means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(iv) " **FRN Convention** ", " **Floating Rate Convention** " or " **Eurodollar Convention** " means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided** , **however** , **that** *:*

(A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(v) " **No Adjustment** " means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

" **Calculation Agent** " means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

" **Calculation Amount** " has the meaning given in the relevant Final Terms;

" **Central Bank** " means the Central Bank of Ireland, competent authority for the purposes of the Prospectus Directive;

" **CNY** " means Renminbi Yuan, the lawful currency of the PRC;

" **CNY Dealer** " means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong;

" **Consolidated Net Worth** " shall mean the aggregate of capital and surplus of Deere and its consolidated Subsidiaries, less minority interests in Subsidiaries, determined in accordance with accounting principles generally accepted in the United States of America (" **GAAP** ");

" **Coupon Sheet** " means, in respect of a Note, a coupon sheet relating to the Note;

" **CSSF** " means the *Commission de Surveillance du Secteur Financier* (the Luxembourg Financial Sector Supervisory Commission);

" **Day Count Fraction** " means (subject as provided in Condition 6 (*Fixed Rate Note Provisions*)), in respect of the calculation of an amount for any period of time (whether or not constituting an Interest Period) (the " **Calculation Period** "), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

(i) if " **Actual/Actual (ICMA)** " is so specified, means:

(a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(b) where the Calculation Period is longer than one Regular Period, the sum of:

(A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

(ii) if " **Actual/Actual** " or " **Actual/Actual (ISDA)** " is specified, means the actual number of days in the Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iii) if " **Actual/365 (Fixed)** " is specified, means the actual number of days in the Calculation Period in respect of which payment is being made divided by 365;

(iv) if " **Actual/360** " is specified, means the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;

(v) if " **30/360** ", " **360/360** " or " **Bond Basis** " is specified, means the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 X (Y_2 - Y_1)] + [30 X (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

" **Y1** " is the year, expressed as a number, in which the first day of the Calculation Period falls;

“ **Y2** ” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ **M1** ” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“ **M2** ” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“ **D1** ” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“ **D2** ” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if “ **30E/360** ” or “ **Eurobond Basis** ” is specified, means the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360X(Y_2 - Y_1)] + [30X(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“ **Y1** ” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“ **Y2** ” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ **M1** ” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“ **M2** ” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ **D1** ” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“ **D2** ” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

(vii) if “ **30E/360 (ISDA)** ” is specified, means the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360X(Y_2 - Y_1)] + [30X(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“ **Y1** ” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“ **Y2** ” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ **M1** ” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

" **M2** " is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

" **D1** " is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

" **D2** " is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Termination Date or (ii) such number would be 31, in which case D2 will be 30.

provided *,* **however** *,* **that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

" **Early Redemption Amount (Tax)** " means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

" **Early Termination Amount** " means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

" **Extraordinary Resolution** " has the meaning given in the Agency Agreement;

" **Excluded Sale and Lease-back Transaction** " means (A) a Sale and Lease-back Transaction which, if the Attributable Debt in respect of such Sale and Lease-back Transaction had been a Security Interest, would have been permitted by paragraph (i) of the definition of Permitted Security Interest and (B) other Sale and Lease-back Transactions where the net proceeds of such sale are at least equal to the fair value (as determined by the Board of Directors of Deere) of the property and (i) Deere, within 120 days of the effective date of any such arrangement, applies an amount equal to the fair value (as so determined) of such property to any Notes redeemed prior to their Maturity Date or the purchase and retirement of Notes or to the payment or other retirement of funded debt for money borrowed, incurred or assumed by Deere which ranks senior to or *pari passu* with the Notes or of funded debt for money borrowed, incurred or assumed by any Material Subsidiary (other than, in either case, funded debt owned by Deere or any Material Subsidiary), or (ii) Deere shall, at or prior to the time of entering into the Sale and Lease-back Transaction, enter into a *bona fide* commitment or commitments to expend for the acquisition or improvement of any Important Property an amount at least equal to the fair value (as so determined) of such property. For this purpose, funded debt means any Debt (as defined in Condition 5(a)) which by its terms matures at or is extendable or renewable at the sole option of the obligor without requiring the consent of the obligee to a date more than twelve months after the date of the creation of such Debt;

" **Final Redemption Amount** " means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

" **Fixed Coupon Amount** " has the meaning given in the relevant Final Terms;

" **Governmental Authority** " means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

" **Guarantee** " means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness;

" **Guarantee of the Notes** " means either the guarantee of the Notes given by Deere in the Deere Deed of Guarantee or the guarantee of the Notes given by Deere Capital in the JDCC Deed of Guarantee;

" **Holder** ", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer — Title to Bearer Notes*) and, in the case of Registered Notes

has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer — Title to Registered Notes*);

" **Hong Kong** " means the Hong Kong Special Administrative Region of the PRC;

" **Illiquidity** " means where the general Renminbi exchange market in Hong Kong becomes illiquid and, as a result of which, the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest and principal (in whole or in part) in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation (if practicable) with two other CNY Dealers;

" **Important Property** " means (a) any manufacturing plant, including land, all buildings and other improvements thereon, and all manufacturing machinery and equipment located therein, used by the Issuer or Deere or a Material Subsidiary primarily for the manufacture of products to be sold by the Issuer or Deere or such Material Subsidiary, (b) the executive office and administrative building of Deere in Moline, Illinois, and (c) research and development facilities, including land and buildings and other improvements thereon and research and development machinery and equipment located therein, in each case, used by the Issuer or Deere or a Material Subsidiary; except in any case property of which the aggregate fair value as determined by the Board of Directors of Deere does not at the time exceed 1 per cent. of Consolidated Net Worth of Deere, as shown on the audited consolidated balance sheet contained in the latest annual report to stockholders of Deere;

" **Inconvertibility** " means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

" **Indebtedness** " means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

(i) amounts raised by acceptance under any acceptance credit facility;

(ii) amounts raised under any note purchase facility;

(iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;

(iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and

(v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

" **Interest Amount** " means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

" **Interest Commencement Date** " means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

" **Interest Determination Date** " has the meaning given in the relevant Final Terms;

" **Interest Payment Date** " means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

(i) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

" **Interest Period** " means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

" **ISDA Definitions** " means the 2006 ISDA Definitions (as further amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

" **Issue Date** " has the meaning given in the relevant Final Terms;

" **Luxembourg** " means the Grand Duchy of Luxembourg;

" **Margin** " has the meaning given in the relevant Final Terms;

" **Material Subsidiary** " shall mean any Subsidiary of Deere which is engaged in, or whose principal assets consist of property used by Deere or any Material Subsidiary in, the manufacture of products within the United States of America or Canada, or in the sale of products principally to customers located in the United States of America or Canada, except any corporation which is a retail dealer in which Deere has, directly or indirectly, an investment under an arrangement providing for the liquidation of such investment;

" **Maturity Date** " has the meaning given in the relevant Final Terms;

" **Maximum Redemption Amount** " has the meaning given in the relevant Final Terms;

" **Minimum Redemption Amount** " has the meaning given in the relevant Final Terms;

" **Non-transferability** " means the occurrence of any event that makes it impossible for the Issuer to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

" **Noteholder** ", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer — Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer — Title to Registered Notes*);

" **Optional Redemption Amount (Call)** " means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

" **Optional Redemption Amount (Put)** " means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

" **Optional Redemption Date (Call)** " has the meaning given in the relevant Final Terms;

" **Optional Redemption Date (Put)** " has the meaning given in the relevant Final Terms;

" **Participating Member State** " means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

" **Payment Business Day** " means:

(i) if the currency of payment is euro, any day which is:

(A) a day on which banks in the relevant place of presentation outside the United States and its possessions are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(ii) if the currency of payment is not euro, any day which is:

(A) a day on which banks in the relevant place of presentation outside the United States and its possessions are open for presentation and payment of bearer debt securities and for dealings in foreign currencies;

(B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre; and

(C) in the case of any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets are open for business in Hong Kong and on which commercial banks in Hong Kong are open for business and settlement of Renminbi payments;

" **Permitted Lien** " means:

(i) any Security Interest created on or over any fixed assets or other physical properties hereafter acquired to secure all or part of the purchase price thereof or the acquiring hereafter of such assets or properties subject to any existing lien or charge securing indebtedness (whether or not assumed);

(ii) easements, liens, franchises or other minor encumbrances on or over any real property which do not materially detract from the value of such property or its use in the business of the Issuer, Deere Capital (as Guarantor) or a Subsidiary of Deere Capital;

(iii) any deposit or pledge of assets (i) with any surety company or clerk of any court, or in escrow, as collateral in connection with, or in lieu of, any bond on appeal from any judgment or decree against the Issuer, Deere Capital (as Guarantor) or a Subsidiary, or in connection with other proceedings or actions at law or in equity by or against the Issuer, Deere Capital (as Guarantor) or a Subsidiary, or (ii) as security for the performance of any contract or undertaking not directly or indirectly related to the borrowing of money or the security of indebtedness, if made in the ordinary course of business, or (iii) with any governmental agency, which deposit or pledge is required or permitted to qualify the Issuer, Deere Capital (as Guarantor) or a Subsidiary to conduct business, to maintain self-insurance, or to obtain the benefits of any law pertaining to workmen's compensation, unemployment insurance, old age pensions, social security, or similar matters, or (iv) made in the ordinary course of business to obtain the release of mechanics', workmen's, repairmen's, warehousemen's or similar liens, or the release of property in the possession of a common carrier;

(iv) any Security Interest by a Subsidiary as security for indebtedness owed to the Issuer or Deere Capital (as Guarantor) or to another Subsidiary;

(v) liens for taxes and governmental charges not yet due or contested by appropriate proceeding in good faith;

(vi) any Security Interest existing on property acquired by the Issuer or Deere Capital (as Guarantor) or a Subsidiary of Deere Capital through the exercise of rights arising out of defaults on receivables acquired in the ordinary course of business;

(vii) judgment liens, so long as the finality of such judgment is being contested in good faith and execution thereon is stayed;

(viii) any pledge or lien (other than directly or indirectly to secure borrowed money) if, after giving effect thereto, the aggregate principal sums secured by pledges or liens otherwise within the above restrictions do not exceed U.S.$500,000; or

(ix) any Security Interest securing Securitisation Indebtedness;

(x) any Security Interest in cash provided to any counterparty of Deere Capital or any of Deere Capital's Subsidiaries in connection with any derivative transaction;

" **Permitted Security Interest** " means:

(i) any Security Interest created on or over any property acquired, constructed or improved by the Issuer, Deere or any Material Subsidiary which is created or assumed contemporaneously with, or within 120 days after, such acquisition, construction or improvement to secure or provide for the payment of all or any part of the purchase price of such property or the cost of such construction or improvement incurred or (in addition to Security Interests contemplated by clauses (ii), (iii) and (iv) below) Security Interests on any property existing at the time of acquisition thereof **provided that** such Security Interest shall not apply to any Important Property theretofore owned by the Issuer, Deere or any Material Subsidiary other than, in the case of any such construction or improvement, any theretofore unimproved real property on which the property so constructed, or the improvement, is located;

(ii) any Security Interest created on or over any property, shares of stock, or indebtedness existing at the time of acquisition thereof from a corporation which is consolidated or amalgamated with or merged into, or substantially all of the assets of which are acquired by, the Issuer, Deere or a Material Subsidiary;

(iii) any Security Interest created on or over any property of a corporation which Security Interest was existing at the time such corporation becomes a Material Subsidiary;

(iv) any Security Interest created on or over any property to secure Debt (as defined in Condition 5(a)) of a Material Subsidiary to the Issuer, Deere or to another Material Subsidiary;

(v) any Security Interest created on or over any property in favour of the United States of America or any State thereof, or any department, agency or instrumentality or political subdivision of the United States of America or any State thereof, to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of constructing or improving the property subject to such Security Interest and Security Interests given to secure indebtedness incurred in connection with the financing of construction of pollution control facilities, the interest on which indebtedness is exempt from income taxes under the Internal Revenue Code;

(vi) any deposit or pledge of assets (1) with any surety company or clerk of any court, or in escrow, as collateral in connection with, or in lieu of, any bond on appeal from any judgment or decree against the Issuer, Deere or a Subsidiary, or in connection with other proceedings or actions at law or in equity by or against the Issuer, Deere or a Material Subsidiary, or (2) as security for the performance of any contract or undertaking not directly related to the borrowing of money or the securing of indebtedness, if made in the ordinary course of business, or (3) with any governmental agency, which deposit or pledge is required or permitted to qualify the Issuer, Deere or a Material Subsidiary to conduct business, to maintain self-insurance, or to obtain the benefits of any law pertaining to worker's compensation, unemployment insurance, old age pensions, social security, or similar matters, or (4) made in the ordinary course of business to obtain the release of mechanics', workmen's, repairmen's, warehousemen's or similar liens, or the release of property in the possession of a common carrier;

(vii) any Security Interest created on or over any property acquired by the Issuer, Deere or a Material Subsidiary through the exercise of rights arising out of defaults on receivables acquired in the ordinary course of business;

(viii) judgment liens, so long as the finality of such judgment is being contested in good faith and execution thereon is stayed;

(ix) any Security Interest created on and over any property for the sole purpose of extending, renewing or replacing in whole or part, Debt secured by any Security Interest referred to in paragraphs (i) to (viii) above, inclusive or in this paragraph, **provided** , **however** , **that** the principal amount of Debt secured in such extension, renewal or replacement does not exceed the principal amount of Debt secured at the time of such extension, renewal or replacement and that such extension, renewal or replacement shall be limited to all or a part of the property subject to such Security Interest so extended, renewed or replaced (plus improvements on such property);

(x) liens for taxes or assessments or governmental charges or levies not yet due or delinquent, or which can thereafter be paid without penalty, or which are being contested in good faith by appropriate proceedings; landlord's liens on property held under lease; and any other liens of a nature similar to those hereinabove described in this paragraph (x) which do not, in the opinion of the Issuer and Deere, materially impair the use of such property in the operation of the business of the Issuer, Deere or a Material Subsidiary or the value of such property for the purposes of such business;

(xi) any transaction characterised as a sale of receivables (retail or otherwise) but reflected as secured indebtedness on a balance sheet in conformity with generally accepted accounting principles then in effect;

(xii) any Security Interest created on or over any Margin Stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System of the United States of America) owned by the Issuer, Deere and its Material Subsidiaries to the extent such Margin Stock so secured exceeds 25 per cent. of the fair market value of the sum of the Important Property of the Issuer, Deere and the Material Subsidiaries plus the shares of stock (including Margin Stock) and indebtedness issued or incurred by the Material Subsidiaries; or

(xiii) any Security Interest created on or over any Important Property of, or any shares of stock or indebtedness issued or incurred by, any Material Subsidiary organised under the laws of Canada;

" **Person** " means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

" **PRC** " means the People's Republic of China which, for the purpose of these Conditions, shall exclude Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan;

" **Principal Financial Centre** " means, in relation to any currency, the principal financial centre for that currency **provided** , **however** , **that** *:*

(i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and

(ii) in relation to New Zealand dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the the payee or (in the case of a calculation) by the Calculation Agent;

" **Put Option Notice** " means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

" **Put Option Receipt** " means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

" **Rate Calculation Business Day** " means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and in New York City;

" **Rate Calculation Date** " means the day which is two Rate Calculation Business Days before the due date for any payment of the relevant amount under these Conditions;

" **Rate of Interest** " means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

" **Redemption Amount** " means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

" **Reference Banks** " has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

" **Reference Price** " has the meaning given in the relevant Final Terms;

" **Reference Rate** " has the meaning given in the relevant Final Terms;

" **Regular Period** " means:

(i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where " **Regular Date** " means the day and month (but not the year) on which any Interest Payment Date falls; and

(iii) in the case of Notes where, apart from an Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where " **Regular Date** " means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of such irregular Interest Period;

" **Relevant Date** " means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

" **Relevant Financial Centre** " has the meaning given in the relevant Final Terms **provided** , **however** , **that** in no event shall any location within the United States or its possessions be a Relevant Financial Centre for the purposes of any payments in respect of any Note;

" **Relevant Jurisdiction** " means the United States where the Issuer or the Guarantor, if applicable, is Deere or Deere Capital, Luxembourg where the Issuer is Deere Luxembourg or Deere Cash Management, the Commonwealth of Australia where the Issuer is Deere Financial Australia;

“ **Relevant Screen Page** ” means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“ **Relevant Time** ” has the meaning given in the relevant Final Terms;

“ **Reserved Matter** ” means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

“ **Sale and Lease-back Transactions** ” means any arrangement with any Person providing for the leasing to the Issuer, the Guarantor or any Material Subsidiary of any Important Property owned or hereafter acquired by the Issuer, the Guarantor or such Material Subsidiary (except for temporary leases for a term, including any renewal thereof, of not more than three years and except for leases between the Issuer, the Guarantor and Material Subsidiary or between Material Subsidiaries), which Important Property has been or is to be sold or transferred by the Issuer, the Guarantor or such Material Subsidiary to such Person;

“ **Security Interest** ” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

“ **Securitisation Indebtedness** ” shall mean the aggregate outstanding indebtedness for borrowed money, owner trust certificates (however classified) or credit enhancements incurred in connection with transactions involving (i) the sale, transfer or other disposition of receivables or leases (retail or wholesale) by Deere Capital or any of its Subsidiaries and (ii) the issuance of commercial paper, medium term notes or any other form of financing by any structured bankruptcy-remote Subsidiary of Deere Capital or any related conduit lender (such transactions, “ **Securitisations** ”), **provided** , **that** the aggregate outstanding credit enhancements in the form of cash or letter(s) of credit provided by Deere Capital or any of its Subsidiaries (other than any structured bankruptcy-remote Subsidiary) in excess of 10 per cent. of the aggregate outstanding indebtedness for borrowed money and owner trust certificates (however classified) incurred in connection with such Securitisations shall not be deemed for the purposes of the Programme to be Securitisation Indebtedness;

“ **Specified Currency** ” has the meaning given in the relevant Final Terms;

“ **Specified Denomination(s)** ” has the meaning given in the relevant Final Terms **provided that** Notes will be issued in denominations of at least EUR 100,000 or the equivalent in any other specified currency as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements;

“ **Specified Office** ” has the meaning given in the Agency Agreement;

“ **Specified Period** ” has the meaning given in the relevant Final Terms;

“ **Spot Rate** ”, for a Rate Calculation Date, means the spot U.S. dollar/Renminbi exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two business days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on such date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the most recently available Renminbi/U.S. dollar official fixing rate for settlement in two business days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other

page as may replace that page for the purpose of displaying a comparable currency exchange rate, and if a spot rate is not readily available, the Calculation Agent may consult with two CNY Dealers to determine the applicable rate, taking into consideration all available information which the CNY Dealers deem relevant, including price information obtained from the Renminbi non-deliverable exchange market in Hong Kong or elsewhere and the U.S. dollar/CNY exchange rate in the PRC's domestic foreign exchange market;

" **Subsidiary** " means any corporation a majority of the outstanding voting stock of which is owned, directly or indirectly, by the Issuer or by one or more other Subsidiaries of such Issuer. For the purposes of this definition, " **voting stock** " means stock having voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency;

" **Talon** " means a talon for further Coupons;

" **TARGET2** " means the Trans-European Automated Real Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which launched on 19 November 2007;

" **TARGET Settlement Day** " means any day on which TARGET2 is open;

" **Treaty** " means the Treaty establishing the European Communities, as amended;

" **U.S. Dollar Equivalent** " means the Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Rate Calculation Date; and

" **Zero Coupon Note** " means a Note specified as such in the relevant Final Terms;

(b) ***Interpretation***

In these Conditions:

(i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;

(ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

(iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;

(iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 14 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 14 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;

(vi) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;

(vii) if an expression is stated in Condition 2(a) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and

(viii) any reference to the Amended and Restated Agency Agreement or either of the Deere Deed of Guarantee or the JDCC Deed of Guarantee shall be construed as a reference to the Amended and Restated Agency Agreement or the Deere Deed of Guarantee or the JDCC Deed of Guarantee, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. **Form, Denomination, Title and Transfer**

(a) ***Bearer Notes*** : Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination. Notes in bearer form will not be issued under the Programme after 18 March 2012, unless and until there is further U.S. tax guidance on how bearer notes can be issued in registered form for U.S. tax purposes, the terms of the Bearer Notes have been revised to the extent required by such guidance, and U.S. tax counsel has rendered an opinion that such Bearer Notes will be regarded as issued in registered form for U.S. tax purposes.

(b) ***Title to Bearer Notes*** : Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, " **Holder** " means the holder of such Bearer Note and " **Noteholder** " and " **Couponholder** " shall be construed accordingly.

(c) ***Registered Notes*** : Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.

(d) ***Title to Registered Notes*** : The Registrar will maintain the register (the " **Register** ") in accordance with the provisions of the Agency Agreement. A certificate (each, a " **Note Certificate** ") will be issued to each Holder of Registered Notes in respect of its registered holding. With respect to Notes issued by Deere Luxembourg or Deere Cash Management, each time the relevant Register is amended or updated, the Registrar shall send a copy of the relevant Register to the relevant Issuer who will keep an updated copy of the Register at its registered office (the " **Duplicate Register** "). In the event of inconsistency between the Register and the Duplicate Register, the Duplicate Register shall, for purposes of Luxembourg law, prevail. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, " **Holder** " means the person in whose name such Registered Note is for the time being registered in the Register or the Duplicate Register if different from the Register (with respect to Registered Notes issued by Deere Luxembourg and Deere Cash Management) (or, in the case of a joint holding, the first named thereof) and " **Noteholder** " shall be construed accordingly.

(e) ***Ownership*** : The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

(f) ***Transfers of Registered Notes*** : Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided** , **however** , **that** a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor. With respect to Notes issued by Deere Luxembourg or Deere Cash Management, the transfer will not be deemed to be effective until its registration in the relevant Duplicate Register in accordance with paragraph (g) below.

(g) ***Registration and delivery of Note Certificates*** : Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and procure each Duplicate Register held

respectively by Deere Luxembourg or Deere Cash Management to be updated and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, " **business day** " means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(h) ***No charge*** : The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(i) ***Closed periods*** : Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

(j) ***Regulations concerning transfers and registration*** : All transfers of Registered Notes and entries on the Register and the Duplicate Registers respectively held by Deere Luxembourg and Deere Cash Management are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

4. Status of the Notes and the Guarantees

(a) ***Status of the Senior Notes***

This Condition 4(a) is applicable in relation to Notes specified in the relevant Final Terms as being unsubordinated or not specified as being subordinated (" **Senior Notes** "). The Senior Notes constitute direct, general, unconditional and unsubordinated obligations of the Issuer which will at all times rank *pari passu* and without any preference among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) ***Status of the Subordinated Notes***

(i) This Condition 4(b)(i) is applicable only in relation to Notes which are specified in the relevant Final Terms as being subordinated (" **Subordinated Notes** ") and are issued by Deere or Deere Capital. Subordinated Notes issued by Deere or Deere Capital constitute direct, unsecured and subordinated obligations of Deere or Deere Capital, as the case may be, which will at all times rank *pari passu* without prejudice among themselves and at least *pari passu* and rateably with all other present and future unsecured and subordinated obligations of Deere or Deere Capital from time to time outstanding save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The rights and claims of holders of the Subordinated Notes issued by Deere or Deere Capital, as the case may be, will, in the event that Deere or Deere Capital, as the case may be, is wound-up, dissolved, liquidated or ceases to exist as a body corporate, excluding where such event results in there being a successor to Deere or Deere Capital, as the case may be, and the obligations under the Notes are assumed by that successor, be subordinated in right of payment to unsubordinated and unsecured creditors of Deere or Deere Capital, as the case may be.

(ii) This Condition 4(b)(ii) is applicable only in relation to Subordinated Notes issued by Deere Luxembourg. Subordinated Notes issued by Deere Luxembourg constitute direct, unsecured and subordinated obligations of Deere Luxembourg which will at all times rank *pari passu* without preference among themselves and at least *pari passu* and rateably with all other present and future unsecured and subordinated obligations of

Deere Luxembourg from time to time outstanding save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. In the event that Deere Luxembourg is liquidated pursuant to applicable provisions of the laws of Luxembourg, the rights and claims of holders of the Subordinated Notes issued by Deere Luxembourg will be subordinated in right of payment to all other unsubordinated and unsecured creditors of Deere Luxembourg.

(c) ***Guarantee by Deere of Notes issued by Deere Cash Management***

Deere has in the Deere Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by Deere Cash Management, in respect of Senior Notes issued by it. This Guarantee of the Senior Notes constitutes direct, general, unconditional and unsubordinated obligations of Deere which will at all times rank at least *pari passu* with all other present and future unsubordinated and unsecured obligations of Deere, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(d) ***Guarantee by Deere Capital of Notes issued by Deere Luxembourg and Deere Financial Australia***

Deere Capital has in the JDCC Deed of Guarantee:

(i) unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by Deere Luxembourg and Deere Financial Australia in respect of Senior Notes issued by them. This Guarantee of the Senior Notes constitutes direct, general, unconditional and unsubordinated obligations of Deere Capital which will at all times rank at least *pari passu* with all other present and future unsubordinated and unsecured obligations of Deere Capital, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application; and

(ii) unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by Deere Luxembourg in respect of Subordinated Notes. This Guarantee of such Subordinated Notes constitutes direct, unconditional and subordinated obligations of Deere Capital which will at all times rank at least *pari passu* with all other present and future subordinated and unsecured obligations of Deere Capital, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The rights and claims of the beneficiaries of the guarantee of the Subordinated Notes will, in the event that Deere Capital is wound-up, dissolved, liquidated or ceases to exist as a body corporate, excluding where such event results in there being a successor to Deere Capital, and the obligations under the Subordinated Notes are assumed by that successor, be subordinated in right of payment to unsubordinated and unsecured creditors of Deere Capital.

5. Negative Pledge with respect to Senior Notes

(a) This Condition 5(a) is applicable only in relation to Senior Notes issued by Deere and Deere Cash Management. So long as any Senior Note remains outstanding, the relevant Issuer shall not and Deere (as Guarantor) shall not permit any Material Subsidiary to, issue, incur, assume or guarantee any debt (" **Debt** ") secured by any Security Interest (other than a Permitted Security Interest) upon any present or future Important Property, or upon any present or future shares of stock or indebtedness issued by any Material Subsidiary without (a) at the same time or prior thereto securing the Senior Notes equally and rateably therewith or (b) providing such other security for the Senior Notes as may be approved by an Extraordinary Resolution of Noteholders.

Notwithstanding the foregoing, the relevant Issuer or Deere (as Guarantor) or any Material Subsidiary may, without (a) equally and rateably securing the Senior Notes or (b) providing such other security for the Senior Notes as may be approved by an Extraordinary Resolution of Noteholders, issue, incur, assume or guarantee Debt secured by a Security Interest which does not constitute a Permitted Security Interest, up to an aggregate amount which, together with the sum of (A) all other Debt issued or incurred by the relevant Issuer, Deere (as Guarantor) and its Material Subsidiaries secured by Security Interests (other than a Permitted Security Interest)

which would otherwise be subject to the foregoing restrictions and (B) the Attributable Debt in respect of Sale and Lease-back Transactions in existence at such time does not at such time (other than Excluded Sale and Leaseback Transactions) exceed 5 per cent. of the Consolidated Net Worth of Deere, as shown on the audited consolidated balance sheet contained in the latest annual report of Deere.

(b) This Condition 5(b) is applicable only in relation to Senior Notes issued by Deere Capital, Deere Luxembourg and Deere Financial Australia. So long as any Senior Notes remain outstanding, the relevant Issuer shall not and Deere Capital (as Guarantor) shall not permit any of its Subsidiaries to issue, incur, assume or guarantee any Debt secured by any Security Interest (other than a Permitted Lien) on any of its property or assets, or any of the property or assets of any of its Subsidiaries, without (a) at the same time or prior thereto securing the Senior Notes equally and rateably therewith or (b) providing such other security for the Senior Notes as may be approved by an Extraordinary Resolution of Noteholders.

6. Fixed Rate Note Provisions

(a) ***Application***

This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of Interest***

The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 12 (*Payments — Bearer Notes*) and 13 (*Payments — Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) ***Fixed Coupon Amount***

The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) ***Calculation of Interest Amount***

The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a " **sub-unit** " means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7. Floating Rate Note and Index-Linked Interest Note Provisions

(a) ***Application***

This Condition 7 (*Floating Rate Note and Index-Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 12 (*Payments — Bearer Notes*) and 13 (*Payments — Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) ***Screen Rate Determination***

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:

(A) request the principal Relevant Financial Centre office of each the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations; and

(iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided** , **however** , **that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate (or as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(d) ***ISDA Determination***

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where " **ISDA Rate** " in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA

Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;

(ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.

(e) ***Index-Linked Interest***

If the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.

(f) ***Maximum or Minimum Rate of Interest***

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified. If no Minimum Rate of Interest is specified in the relevant Final Terms, then the Minimum Rate of Interest in respect of each relevant Interest Period shall be deemed to be zero, and in no event shall the Rate of Interest calculated in accordance with this Condition 7 be less than zero.

(g) ***Calculation of Interest Amount***

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a “sub-unit” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(h) ***Calculation of other amounts***

If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

(i) ***Publication***

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the

event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(j) ***Notifications etc***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

8. **Zero Coupon Note Provisions**

(a) ***Application***

This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Late payment on Zero Coupon Notes***

If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. **Dual Currency Note Provisions**

(a) ***Application***

This Condition 9 (*Dual Currency Note Provisions*) is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Rate of Interest***

If the rate or amount of interest fails to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

10. **Interest to be non-contingent**

Interest on the Notes will not be determined by reference to the receipts, sales, income, profits or cashflow of the Issuer or a related person, or by reference to the change in the value of any property held by the Issuer or a related person.

11. **Redemption and Purchase**

(a) ***Scheduled redemption***

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Conditions 12 (*Payments — Bearer Notes*) and 13 (*Payments — Registered Notes*).

(b) ***Redemption for tax reasons***

The Notes may be redeemed at the option of the Issuer (but, in the case of Subordinated Notes issued by Deere Luxembourg, subject to the prior written approval thereto having been obtained from the CSSF) in whole, but not in part:

(i) at any time (if neither the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable); or

(ii) on any Interest Payment Date (if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

(A) (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 14 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the applicable Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(B) (1) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in the Guarantee of the Notes or the Guarantor has or will become obliged to make any such withholding or deduction as is referred to in the Guarantee of the Notes from any amount paid by it to the Issuer in order to enable the Issuer to make a payment of principal or interest in respect of the Notes, in either case as a result of any change in, or amendment to, the laws or regulations of the United States or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes, and (2) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it,

provided , **however** , **that** no such notice of redemption shall be given earlier than:

(1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts or the Guarantor would be obliged to make such withholding or deduction if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made; or

(2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts or the Guarantor would be obliged to make such withholding or deduction if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent (1) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption

and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts or (as the case may be) the Guarantor has or will become obliged to make such withholding or deduction as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 11(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 11(b).

(c) ***Redemption at the option of the Issuer***

If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may (but, in the case of Subordinated Notes issued by Deere Luxembourg, subject to the prior written approval thereto having been obtained from the CSSF) be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

(d) ***Partial redemption***

If the Notes are to be redeemed in part only on any date in accordance with Condition 11(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 11(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(e) ***Redemption at the option of Noteholders***

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall (but, in the case of Subordinated Notes issued by Deere Luxembourg, subject to the prior written approval thereto having been obtained from the CSSF), at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 11(e), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent (in the case of Bearer Notes) such Note together with all unmatured Coupons relating thereto or (in the case of Registered Notes) the certificate representing such Notes with the Registrar or any Transfer Agent, together with a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 11(e), may be withdrawn; **provided** , **however** , **that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 11 (e), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

(f) ***No other redemption***

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (e) above.

(g) ***Early redemption of Zero Coupon Notes***

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the relevant Final Terms for the purposes of this Condition 11(g) or, if none is so specified, a Day Count Fraction of 30E/360.

(h) ***Purchase***

The Issuer, the Guarantor or any of their respective Subsidiaries may (but, in the case of Subordinated Notes issued by Deere Luxembourg, subject to the prior written approval thereto having been obtained from the CSSF) at any time after 183 days following the Issue Date purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith.

(i) ***Cancellation***

All Notes so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

12. **Payments — Bearer Notes**

This Condition 12 is only applicable to Bearer Notes.

(a) ***Principal*** : Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency **provided that** payment in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the payee in Hong Kong.

(b) ***Interest*** : Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.

(c) ***Payments in New York City*** : Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law (including applicable United States tax law).

(d) ***Payments subject to fiscal laws*** : All payments in respect of the Bearer Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 14 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) ***Deductions for unmatured Coupons*** : If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided** , **however** , **that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the " **Relevant Coupons** ") being equal to the amount of principal due for payment; **provided** , **however** , **that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided** , **however** , **that** , if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

(f) ***Unmatured Coupons void*** : If the relevant Final Terms specifies that this Condition 12(f) is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 11(b) (*Redemption for tax reasons*), Condition 11(e) (*Redemption at the option of Noteholders*), Condition 11(c) (*Redemption at the option of the Issuer*) or Condition 15 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) ***Payments on business days*** : If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) ***Payments other than in respect of matured Coupons*** : Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).

(i) ***Partial payments*** : If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) ***Exchange of Talons*** : On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 16 (*Prescription*). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

(k) ***Payment of U.S. Dollar Equivalent*** : Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest (in whole or in part) in respect of the Notes when due in Renminbi in Hong Kong, the Issuer shall, on giving not less than 5 or more than 30 days' irrevocable notice to the Holders prior to the due date for payment, settle any such payment (in whole or in part) in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi denominated amount.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 12(k) (*Payment of U.S. Dollar Equivalent*) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Holders.

13. Payments — Registered Notes

This Condition 13 is only applicable to Registered Notes.

(a) ***Principal*** : Payments of principal shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) **provided that** payment in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the payee in Hong Kong and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(b) ***Interest*** : Payments of interest shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) **provided that** payment in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the payee in Hong Kong and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(c) ***Payments subject to fiscal laws*** : All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 14 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) ***Payments on business days*** : Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note

Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 13 arriving after the due date for payment or being lost in the mail.

(e) ***Partial payments*** : If a Paying Agent makes a partial payment in respect of any Registered Note in relation to a partial redemption or otherwise, the Issuer shall procure that the amount and date of such payment are noted on the Register and the relevant Duplicate Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(f) ***Payment of U.S. Dollar Equivalent*** : Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest (in whole or in part) in respect of the Notes when due in Renminbi in Hong Kong, the Issuer shall, on giving not less than 5 or more than 30 days' irrevocable notice to the Holders prior to the due date for payment, settle any such payment (in whole or in part) in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi denominated amount.

In such event, payments of the U.S. Dollar Equivalent of the relevant principal or interest in respect of Registered Notes represented by Note Certificates shall be made by a U.S. dollar denominated cheque drawn on a bank in New York City and mailed to the holder of such Note Certificates at its address appearing in the Register, or, upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, by transfer to a U.S. dollar denominated account with a bank in New York City.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 13(f) (*Payment of U.S. Dollar Equivalent*) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Holders.

14. **Taxation**

(a) ***Gross up***

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the applicable Relevant Jurisdiction (in the case of payments by the Issuer) or the United States of America (in the case of payments by the Guarantor) or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:

(i) held by, or on behalf of, a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of such Note or Coupon; or

(ii) presented for payment in the applicable Relevant Jurisdiction; or

(iii) held by, or by a third party on behalf of, a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its (or a fiduciary, settlor, member or shareholder, beneficiary of, or possessor of a power over, such holder, if such holder is an estate, trust, partnership or corporation) having

some present or former connection with the applicable Relevant Jurisdiction (including being or having been a citizen or resident of such Relevant Jurisdiction or being or having been engaged in trade or business or present therein having or having had a permanent establishment therein) other than the mere holding of such Note or Coupon; or

(iv) held by a Holder which is or was a personal holding company, foreign personal holding company or passive foreign investment company with respect to the United States or a corporation that accumulates earnings to avoid United States federal income tax; or

(v) if such tax is an estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, assessment, or governmental charge; or

(vi) if such amount is payable otherwise than by withholding from a payment on such Note or Coupon or such amount is required to be withheld by a paying agent, if such payment can be made without such withholding by any other paying agent under the Agency Agreement; or

(vii) if such tax, duty assessment or governmental charge would not have been imposed but for the failure to comply with applicable certification, information, documentation or other reporting requirements concerning the nationality, residence, identity or connection with the Relevant Jurisdiction of the holder or beneficial owner of such Note if such compliance is required as a precondition to relief or exemption from withholding or deduction of all or part of such tax, duty assessment or governmental charge, including, for the avoidance of doubt, any and all taxes or other charges that may be imposed by reason of a failure to comply with the provisions of Sections 1471 to 1474 of the Internal Revenue Code, any Treasury Regulations or other administrative guidance published thereunder, or any successor, substitute or similar legislation or provision of law; or

(viii) held by a Holder which is or has been a “10 per cent. shareholder” of the obligor of the Note as defined in Section 871(h)(3) of the United States Internal Revenue Code or any successor provisions; or

(ix) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting or surrendering such Note, Coupon or Note Certificate for payment on the last day of such period of 30 days; or

(x) where such withholding or deduction is imposed on a payment to an individual or a residual entity and is required to be made pursuant to (A) the European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, (B) the agreements on savings income concluded by Luxembourg with several dependent or associated territories of the EU (being Jersey, Guernsey, the Isle of Man, the British Virgin Islands, Montserrat, the formerly known Dutch Antilles (of which Curaçao and St. Maarten have become overseas nations forming part of the Kingdom of The Netherlands while Saba, St. Eustatius and Bonaire have become overseas special public bodies of the Kingdom of The Netherlands) and Aruba), as well as (C) where such withholding or deduction is imposed on savings income as regards to Luxembourg resident individuals according to the law of 23 December 2005, as 10 per cent. withholding tax; or

(xi) (except in the case of Registered Notes) held by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or

(xii) in the case of any combination of items (i) through (xi); or

(xiii) in respect of payment by Deere Financial Australia, held by, or by a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note or Coupon is presented for payment; or

(xiv) in respect of payment by Deere Financial Australia, held by, or by a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in a respect of such Note or Coupon by reason of his being an "associate" of the Issuer to which Section 128F(6) of the Income Tax Assessment Act 1936 of Australia applies;

nor shall additional amounts be paid to a holder that is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent that a beneficiary or settlor of such fiduciary or partnership or beneficial owner would not have been entitled to such additional amounts had such beneficiary, settlor or beneficial owner been the holder of the Note.

(b) ***Taxing jurisdiction***

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the Relevant Jurisdiction or the United States respectively, references in these Conditions to the Relevant Jurisdiction or the United States shall be construed as references to the Relevant Jurisdiction or (as the case may be) the United States and/or such other jurisdiction.

15. **Events of Default**

If any of the following events occurs and is continuing:

(a) ***Non-payment of interest*** : default in the payment of any interest upon any Note of that Series or any related Coupon, when such interest or Coupon becomes due and payable, and continuance of such default for a period of 30 days; or

(b) ***Non-payment of principal*** : default in the payment of the principal of (or premium, if any, on) any Note of that Series when it becomes due and payable; or

(c) ***Breach of other obligations*** : default in the performance, or breach, of any covenant or agreement of the Issuer (or, if applicable, the Guarantor) in respect of the Notes of the relevant Series, the Agency Agreement or the Deed of Guarantee (other than a covenant or warranty in respect of the Notes of such Series, a default in the performance of which or the breach of which is elsewhere in this Condition specifically dealt with or which has expressly been included in such Notes solely for the benefit of Series of Notes other than that Series) and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Issuer or, if applicable, the Guarantor or the Specified Office of the Fiscal Agent by Noteholders of at least 25 per cent. in principal amount of Notes outstanding of that Series a written notice specifying such default or breach and requiring it to be remedied stating that such notice is a "Notice of Default"; or

(d) ***Insolvency etc*** : in the case of Notes issued by Deere Luxembourg, Deere Cash Management, Deere Financial Australia (i) such Issuer or its Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer, or the whole or a substantial part of the undertaking, assets and revenues of the Issuer, is appointed (or application for any such appointment is made), (iii) the Issuer takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it or (iv) the Issuer is ordered by a court of competent jurisdiction to cease to carry on all or any substantial part of its business (otherwise than, in the case of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent and in the case of a Subsidiary of the Issuer, for the purposes of or pursuant to any amalgamation, reorganisation or restructuring); or

(e) ***Bankruptcy, etc of Deere or Deere Capital*** : in the case of Notes issued by or guaranteed by Deere or Deere Capital (i) Deere or Deere Capital (as the case may be) pursuant to or within the

meaning of any Bankruptcy Law commences a voluntary case, or consents to the entry of an order for relief against it in an involuntary case, or consents to the appointment of a Custodian of it or for all or substantially all of its property or makes a general assignment for the benefit of its creditors; or (ii) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that is for relief against Deere or Deere Capital (as the case may be) in an involuntary case, or appoints a Custodian of it or for all or substantially all of its property, or orders the liquidation of it and the order or decree remains unstayed and in effect for 90 days. In this Condition, the term " **Bankruptcy Law** " means title 11, U.S. Code or any similar Federal or State law for the relief of debtors. The term " **Custodian** " means any receiver, trustee, assignee, liquidator or other similar official under any Bankruptcy law; or

(f) ***Insolvency of Deere Luxembourg*** : in the case of Subordinated Notes issued by Deere Luxembourg, the liquidation of Deere Luxembourg pursuant to applicable provisions of the laws of Luxembourg,

then, (i) any Senior Note of any Issuer or any Subordinated Note issued by Deere or Deere Capital or, in accordance with the circumstances described in Condition 15(f) only, any Subordinated Note issued by Deere Luxembourg, may, by written notice addressed by the holder thereof to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality; or (ii) unless otherwise provided in the relevant Final Terms, save in the case of Condition 15(f), any Subordinated Note issued by Deere Luxembourg may, subject to the prior written approval thereto having been obtained from the CSSF and by written notice addressed by the holder thereof to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality and each holder of such Subordinated Note may initiate proceedings for the liquidation of Deere Luxembourg in Luxembourg but not elsewhere but may take no other action in respect of such default.

16. Prescription

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

17. Replacement of Notes and Coupons

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

18. Agents

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed on the last page of this Base Prospectus .

The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent or Calculation Agent and additional or successor paying agents; **provided** , **however** , **that** :

(a) the Issuer and the Guarantor shall at all times maintain a fiscal agent and a registrar; and

(b) the Issuers and the Guarantors undertake that they shall at all times maintain a Paying Agent with a specified office in an EU member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; and

(c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer and the Guarantor shall at all times, whilst any such Note remains outstanding, maintain a Calculation Agent; and

(d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer and the Guarantor shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

19. Meetings of Noteholders; Modification and Waiver

(a) *Meetings of Noteholders*

The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided** , **however** , **that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

For the avoidance of doubt, Articles 86 to 94-8 of the Luxembourg law on Commercial Companies dated 10 August 1915, as amended, are hereby excluded in respect of the Notes, Coupons and Talons.

(b) *Modification*

The Notes, these Conditions, the Deeds of Guarantee and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the

Issuer and the Guarantor shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

In the case of Subordinated Notes issued by Deere Luxembourg, no modification may be made to Condition 4(b)(ii) as they may apply to such Notes without the prior written approval thereto having been obtained from the CSSF.

20. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The Issuer will not issue further notes after 18 March 2012 that form a single series with the Notes, if any, issued before 19 March 2012.

21. **Notices**

(a) ***Bearer Notes*** : Notices to the Holders of Bearer Notes admitted to the Official List of the Irish Stock Exchange and/or admitted to trading on the regulated market of the Irish Stock Exchange will be deemed to be validly given if filed within the Companies Announcement Office of the Irish Stock Exchange or published in a leading English language daily newspaper of general circulation in Ireland and approved by the Irish Stock Exchange. It is expected that such publication will be made in The Irish Times. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.

(b) ***Registered Notes*** : Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register and the Duplicate Register if different from the Register (with respect to Registered Notes issued by Deere Luxembourg or Deere Cash Management) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

22. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the " **first currency** ") in which the same is payable under these Conditions or such order or judgment into another currency (the " **second currency** ") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

23. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with

0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

24. Governing Law and Jurisdiction

(a) ***Governing law*** : The Notes, each Deed of Guarantee, the Agency Agreement and the Deed of Covenant and all non-contractual obligations arising out of or in connection with them are governed by, English law except that (x) in the case of Subordinated Notes issued by Deere, Deere Capital or Deere Luxembourg, the provisions of Condition 4(b)(i) and (ii) and all matters arising from or in connection with them shall be governed by and construed in accordance with the federal laws of the United States of America and the laws of Luxembourg respectively, and (y) in the case of any Guarantee given by Deere Capital of Subordinated Notes issued by Deere Luxembourg the subordination provisions set out in Condition 4(d)(ii) and the redemption provision set out in Condition 11 and the JDCC Deed of Guarantee and all matters arising from or in connection with them shall be governed by and construed in accordance with the federal laws of the United States of America. For the avoidance of doubt, the provisions of articles 86 to 94-8 of the Luxembourg law on Commercial Companies dated 10 August 1915, as amended, are excluded in respect of the Notes, Coupons and Talons.

(b) ***English courts*** : Subject as provided below, the courts of England have exclusive jurisdiction to settle any dispute (a " **Dispute** ") arising from or in connection with the Notes except that in the case of a Subordinated Notes issued by Deere Luxembourg any Dispute arising in relation to Condition 4(b)(ii) and Condition 11, as they apply to such Subordinated Notes, shall be subject to the exclusive jurisdiction of the courts of Luxembourg-City.

(c) ***Appropriate forum*** : Each Issuer and Guarantor agrees that the courts of England (and, in relation to Subordinated Notes issued by Deere Luxembourg, that the courts of Luxembourg-City) are the most appropriate and convenient courts to settle any dispute and, accordingly, that it will not argue to the contrary.

(d) ***Rights of the Noteholders to take proceedings outside England*** : Condition 24(b) (*English Courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 24 (*Governing Law and Jurisdiction*) prevents any Noteholder from taking proceedings in relation to a Dispute (" **Proceedings** ") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

(e) ***Service of process*** : Each Issuer and Guarantor agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Clifford Chance Secretaries Limited at its registered office from time to time, being at the date of these Conditions at 10 Upper Bank Street, London E14 5JJ, or, if different, its registered office for the time being or at any address of the Issuers or the Guarantors in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuers or the Guarantors, the Issuers and Guarantors (acting together) shall, on the written demand of any of the Noteholders addressed to the Issuers and the Guarantors and delivered to the Issuers and the Guarantors or to the Specified Office of the Fiscal Agent, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuers and the Guarantors and delivered to the Issuers and the Guarantors or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

25. **Rights of Third Parties**

No person shall have any right to enforce any term or condition of the Notes under the Contract (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy of a third party which exists or is available apart from such Act.

Exhibit 12

John Deere Capital Corporation and Subsidiaries
Computation of Ratio of Earnings to Fixed Charges
(thousands of dollars)

	2012	2011	2010	2009	2008
Earnings:					
Income of consolidated group before income taxes	$ 599.1	$ 571.6	$ 477.9	$ 221.9	$ 437.1
Fixed charges excluding capitalized interest	$ 459.6	$ 483.1	$ 537.7	$ 793.6	$ 843.4
Total earnings	$ 1,058.7	$ 1,054.7	$ 1,015.6	$ 1,015.5	$ 1,280.5
Fixed charges:					
Interest expense of consolidated group including capitalized interest	$ 455.6	$ 479.4	$ 533.6	$ 789.6	$ 839.1
Rent expense	$ 4.0	$ 3.8	$ 4.1	$ 5.0	$ 4.8
Total fixed charges	$ 459.6	$ 483.2	$ 537.7	$ 794.6	$ 843.9
Ratio of earnings to fixed charges *	**2.30**	**2.18**	**1.89**	**1.28**	**1.52**

"Earnings" consist of income before income taxes, the cumulative effect of changes in accounting and fixed charges excluding unamortized capitalized interest. "Fixed charges" consist of interest on indebtedness, amortization of debt discount and expense, interest related to uncertain tax positions, an estimated amount of rental expense that is deemed to be representative of the interest factor, and capititalized interest.

* The Company has not issued preferred stock. Therefore, the ratios of earnings to combined fixed charges and preferred stock dividends are the same as the ratios presented above.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-173672 on Form S-3 of our report dated December 17, 2012, relating to the consolidated financial statements of John Deere Capital Corporation and subsidiaries appearing in this Annual Report on Form 10-K of John Deere Capital Corporation and subsidiaries for the year ended October 31, 2012.

/s/ DELOITTE & TOUCHE LLP
Chicago, Illinois

December 17, 2012

Exhibit 31.1

CERTIFICATIONS

I, Samuel R. Allen, certify that:

1. I have reviewed this annual report on Form 10-K of John Deere Capital Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: December 17, 2012

By: */s/ Samuel R. Allen*
Samuel R. Allen
Principal Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Rajesh Kalathur, certify that:

1. I have reviewed this annual report on Form 10-K of John Deere Capital Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 17, 2012

By: */s/ Rajesh Kalathur*
Rajesh Kalathur
Principal Financial Officer

Exhibit 32

STATEMENT PURSUANT TO
18 U.S.C. SECTION 1350
AS REQUIRED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of John Deere Capital Corporation (the "Company") on Form 10-K for the year ended October 31, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certify that to the best of our knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

December 17, 2012	*/s/ Samuel R. Allen*	Chairman and Principal Executive Officer
December 17, 2012	*/s/ Rajesh Kalathur*	Senior Vice President and Principal Financial Officer

A signed original of this written statement required by Section 906 has been provided to John Deere Capital Corporation and will be retained by John Deere Capital Corporation and furnished to the Securities and Exchange Commission or its staff upon request.